Metrolinx Annual Report

2013-14

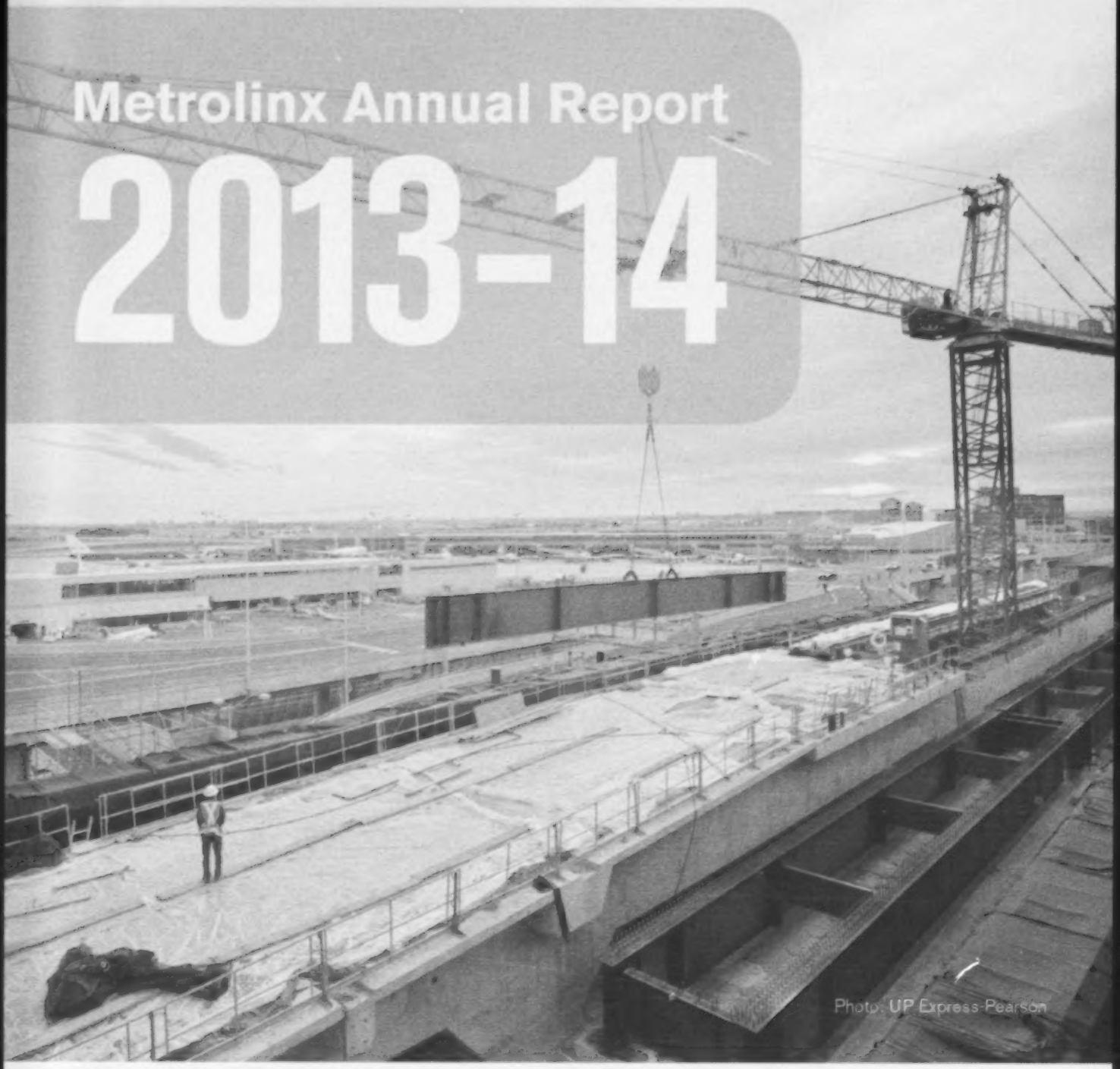

Photo: UP Express-Pearson

Building Tomorrow's Transit and Transportation Network Today

METROLINX

An agency of the Government of Ontario

Photo: Union Station

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Message from the Chair
Robert Prichard

In the 2013–14 fiscal year, Metrolinx made progress on all five elements of the mandate we established in 2009.

We grew GO Transit. GO Transit is delivering more service and welcoming more riders every year. In 2013–14, we advanced more than 100 capacity-increasing projects across GO's seven corridors and launched 30-minute all-day two-way service on the Lakeshore corridors – the largest service expansion in GO's history. GO Transit's successes were recognized with the Outstanding Public Transportation Achievement Award from the American Public Transportation Association.

We built new infrastructure. Tunnel boring machines carved out more than three kilometres of the future Eglinton Crosstown LRT route. We opened the first segment of the VivaNext BRT ahead of schedule and on budget. We completed the elevated spur for Union Pearson Express into and out of Pearson Airport. And those are just three of more than 200 infrastructure projects that progressed during the year.

We expanded PRESTO. We now have over one million cardholders. PRESTO is not just about convenience; it will facilitate true integration across the 10 transit systems in the Greater Toronto and Hamilton Area (GTHA). PRESTO users benefited from last year's major system upgrade that allows passengers to use their card on any PRESTO-equipped transit system in the GTHA or Ottawa. Now PRESTO is looking ahead towards expansion across the Toronto Transit Commission (TTC).

We proposed the next wave of projects. Drawing on our unique regional perspective and expert analysis of evidence, benefits and costs, we identified and made public our proposed Next Wave projects. We continue to consult, listen and learn, incorporating insights from those with a stake in the future of transit and transportation across the GTHA.

We proposed our funding plan. Metrolinx needs sustained, dedicated funds to keep moving forward. In 2013–14, we submitted our Investment Strategy to the Province and heads of Municipal Council for consideration. Its 24 recommendations were based on a comprehensive review of global best practices. In response, the Province of Ontario has proposed a 10-year, $15 billion program to support the implementation of The Big Move.

We have great momentum, strong provincial support, an outstanding CEO and a talented and dedicated staff. On behalf of the Board of Directors, I am confident that we can build the transit and transportation we need so our region continues to thrive, grow and succeed.

Sincerely,

J. Robert S. Prichard
Chair, Metrolinx

Message from the CEO
Bruce McCuaig

The 2013–14 fiscal year saw Metrolinx projects tunneling, paving, digging and building across the Greater Toronto and Hamilton Area (GTHA) as we transform The Big Move's forward-thinking vision into a tangible transit and transportation network.

We are motivated by our region's urgent needs:

- Congestion costs GTHA citizens close to $6 billion each year
- Our population is growing by an average of 100,000 people each year
- About half of the people in our region live and work outside the City of Toronto

I am proud of our achievements in every operating division over the year. Metrolinx staff expertly oversaw progress on $16 billion in transit and transportation priority projects under construction, as well as the biggest investment in expanded GO Transit train and bus service in history. Rapid transit along the first segment of the VivaNext BRT is reducing passengers' travel time by an average of 30%. PRESTO is simplifying fare payment for more than one million cardholders. UP Express is under construction and will be ready to welcome passengers in 2015.

None of this would be possible without the commitment and engagement our employees bring to work each and every day. Metrolinx is an organization of transportation and planning professionals who have dedicated their careers to getting people and goods where they need to be. It is a privilege to work with them to identify and implement innovative solutions to our region's transit and transportation challenges.

Without the right transit and transportation improvements, the GTHA will be less competitive and less economically robust. We have a responsibility to build systems and services that keep a strong eye on the future as well as on our needs in the here and now, to deliver value for the dollars we are investing, and to leave behind a better region, higher quality of life and more opportunities for generations to come.

We have a very large task ahead but, as we continue to deliver high-quality projects on time and on budget, there is no question that we are building tomorrow's transit and transportation network today.

Sincerely,

Bruce McCuaig
President & CEO, Metrolinx

Governance Structure

Metrolinx is a corporation established by the Province of Ontario under the Metrolinx Act, 2006. Metrolinx's Board of Directors and CEO are appointed by the Lieutenant Governor in Council on the recommendation of the Minister of Transportation.

The Board of Directors governs the Corporation and provides strategic direction and oversight for Metrolinx's activities and operations. The Board meets at least six times a year, including four meetings that have sessions open to the public.

Metrolinx Board of Directors

J. Robert S. Prichard, Chair; appointed May 14, 2009 with a term expiring September 3, 2016.

Stephen Smith, Vice-Chair; appointed May 14, 2009 with a term expiring on January 13, 2016.

Rahul Bhardwaj, appointed May 14, 2009 with a term expiring on January 13, 2016.

Janet Ecker, appointed October 31, 2012 with a term expiring on October 31, 2016.

Joseph A.G. Halstead, appointed May 14, 2009 with a term expiring on February 13, 2015.

Richard Koroscil, appointed May 14, 2009 with a term expiring on February 13, 2015.

Hon. Frances Lankin, P.C., C.M., appointed January 13, 2013 with a term expiring on January 13, 2014.

Marianne McKenna, appointed July 18, 2012 with a term expiring on July 18, 2015.

Nicholas Mutton, appointed May 14, 2009 with a term expiring on January 13, 2016.

Lee Parsons, appointed May 14, 2009 with a term expiring on February 12, 2014.

Rose M. Patten, appointed May 14, 2009 with a term expiring on January 13, 2016.

Bonnie Patterson, appointed July 18, 2012 with a term expiring on July 18, 2015.

Howard Shearer, appointed July 18, 2012 with a term expiring on July 18, 2015.

Douglas Turnbull, appointed May 14, 2009 with a term expiring on February 13, 2015.

Bruce McCuaig, President and CEO of Metrolinx is also a member of the Board, appointed September 4, 2010 with a term expiring on September 4, 2016.

We'd like to thank each Board member for the contributions they made in 2013–14.

In addition, we'd like to thank Frances Lankin and Lee Parsons for their contributions to the Metrolinx Board.

Vision, Mission & Values

Vision

Working together to transform
the way the region moves.

Mission

To champion and deliver mobility
solutions for the Greater Toronto
and Hamilton area.

Values

Serve with Passion
Think Forward
Play as a Team

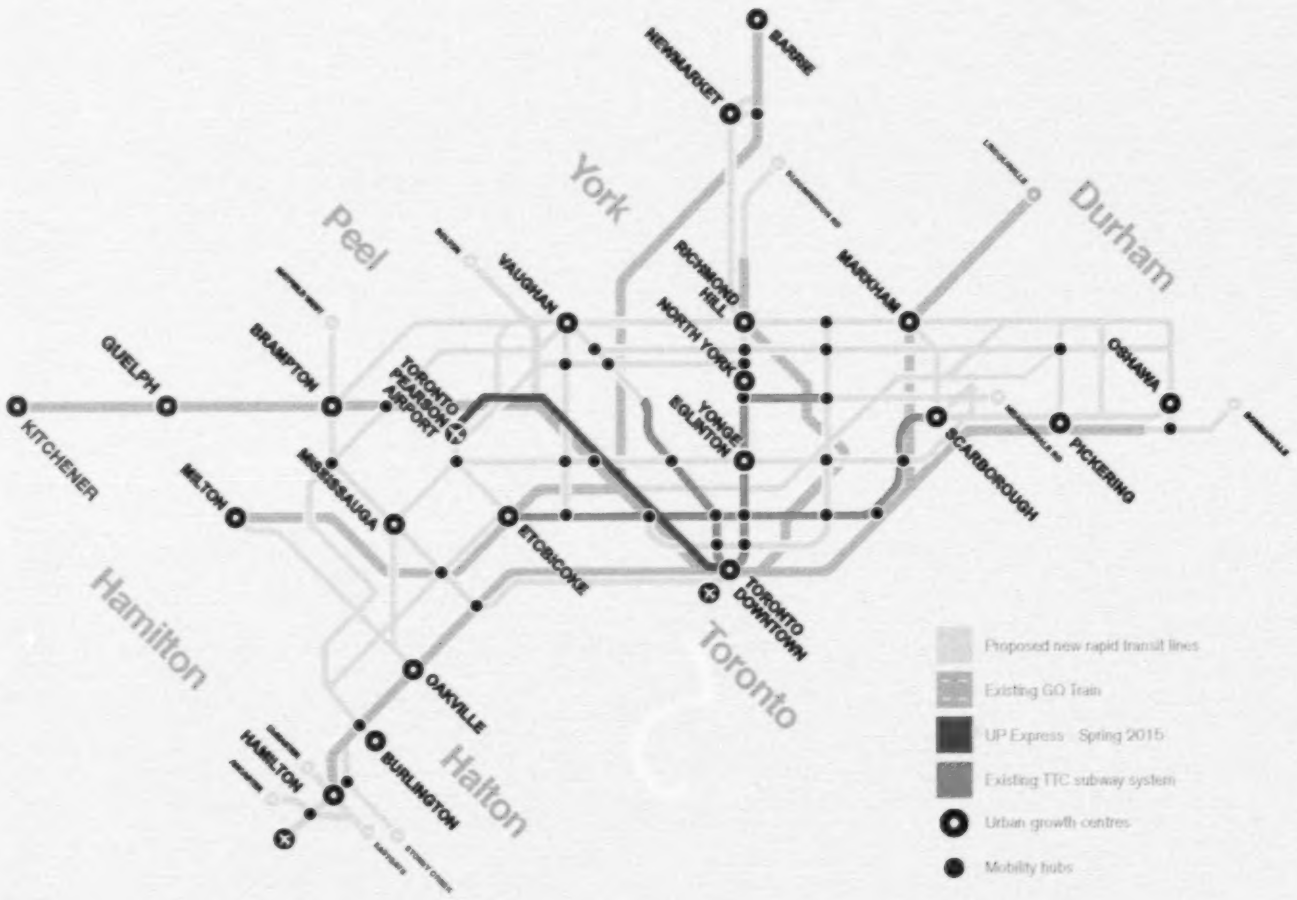
Building on Progress

At Metrolinx, we are realizing the ambitious vision of a coordinated, integrated transit and transportation system across the Greater Toronto and Hamilton Area (GTHA). Since our creation in 2006, we have been championing, developing and implementing initiatives that enhance prosperity, sustainability and quality of life. Today, responsible for $50 billion in "First Wave" and "Next Wave" transit projects, we are transforming the way people move around our region.

16.1%

Investment in core infrastructure, such as public transit, has the highest rate of return of all public infrastructure projects at 16.1%.

Source: Alfredo M. Pereira, "Is All Public Capital Created Equal?" The Review of Economics and Statistics, August 2000, Vol. 82, No. 3, Pages 513–518.



First Wave: $16 billion, projects include:

- 53 km new Light Rail Transit (LRT)
- 60 km new Bus Rapid Transit (BRT)
- 9 km new subway extension
- 25 km rail linking Pearson Airport to downtown Toronto (UP Express)

Next Wave: $34 billion, projects include:

- 23 km new Light Rail Transit (LRT)
- 100 km new Bus Rapid Transit (BRT)
- 6 km new subway extension
- GO Lakeshore Express Rail Service
- GO electrification
- Electrification of UP Express

In the 2013–14 fiscal year, we achieved substantial milestones and delivered tangible progress in each of our operating divisions. Every completed project brings us a step closer to delivering on the promise of The Big Move, our award-winning 25-year plan for the GTHA.

The Big Move informs Metrolinx's detailed Five-Year Strategic Plan, a forward-looking document that directs business planning, budgeting and project planning for our organization. It also guides the development of our annual Business Plan, which sets objectives and deliverables for each fiscal year.

$16 billion

has been invested to improve and create infrastructure that connects people and communities, while reducing how much it costs to travel around the GTHA.

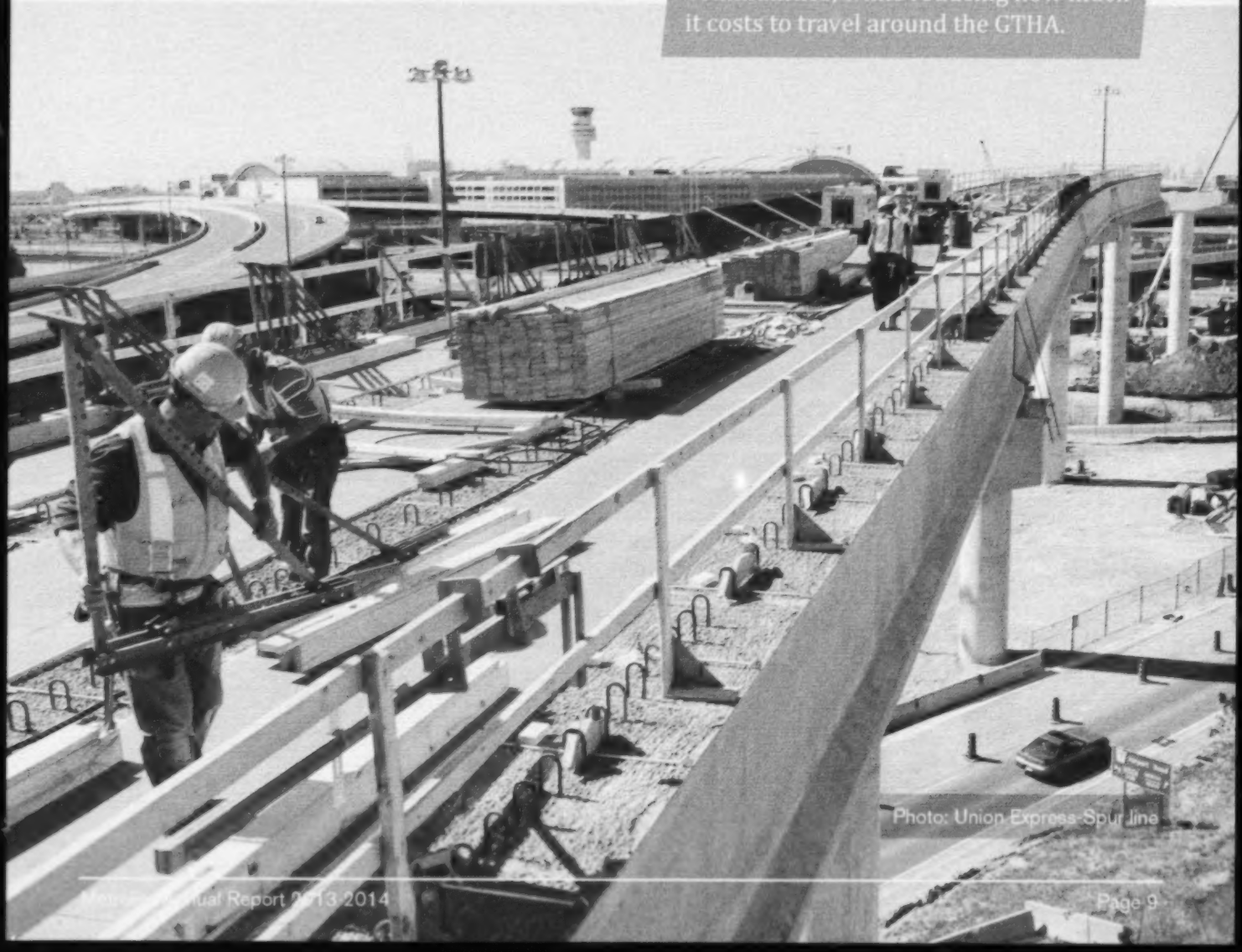


Photo: Union Express Spur line

Photo: Hurontario-Main Rendering

With transformative projects across the GTHA throughout 2013–14, we have demonstrated our commitment to:

- Consult closely with those who have a stake in regional transit and transportation
- Attract passengers and earn their loyalty with exceptional customer service
- Build a culture of innovation and creativity to overcome every challenge

Leading the way

Metrolinx's leadership on transit and transportation, high-level regional perspective and evidence-based decision-making are core strengths that enable us to advocate for solutions to major challenges such as traffic gridlock, transit accessibility and environmental sustainability. We are putting time and effort into planning solutions that will solve some of these regional challenges.

The future of our region and the success of our agency resides in strong, solid, planning-based decisions. For example, two-way, all day Regional Express Rail is not only rooted in the strategic direction of The Big Move, but builds on the extensive planning work already underway for electrification and two-way, all-day GO service. We already have a multi-year plan in place to support this. Other examples of our strategic planning work in 2013–14 include:

Hurontario-Main LRT:
$1.6 billion "Next Wave" investment to connect two regional business hubs–Mississauga and Brampton–with projected ridership of 29 million annually by 2031

Regional Relief Strategy:
A collaborative effort by Metrolinx, the Toronto Transit Commission (TTC), the City of Toronto and York Region to address crowding on the Yonge Subway Line

Fare & Service Integration:
An initiative that will allow passengers to pay a seamless, integrated fare for all transit systems across the GTHA, with a focus on trips across municipal boundaries, long-distance trips within a municipality, and trips with multiple transit service providers

Whether we are engaging partners in the region to plan, build and operate an integrated accessible transit system or participating in the development of the 2015 Pan Am/ Parapan Am Games Transportation Plan, our focus is always on achieving a clearly defined vision of the future of transit and transportation in the GTHA.

On May 27, 2013, Metrolinx submitted our **Investment Strategy** to the Province and heads of Municipal Councils for consideration. The Investment Strategy proposes 24 recommendations as part of a four-part plan to integrate transportation, growth and land use planning in the GTHA, maximize the value of public infrastructure investment, optimize system and network efficiencies, and dedicate new revenue sources for transit and transportation.

In September 2013, Metrolinx established a foundation for monitoring progress with the release of **The Big Move Baseline Monitoring Report**. The report defines a set of Key Performance Indicators (KPIs) that will help to answer critical questions about everything from how we move around the GTHA to choice, access, safety, environmental impacts and fiscal sustainability.

Mobility Hubs

Over the past year, Metrolinx has engaged in extensive planning for mobility hubs–major transit stations that will provide travellers with seamless access to the regional transit system, support higher density development, and demonstrate excellence in customer service. In 2013–14, our accomplishments included:

Kipling mobility hub–identifying options for a new inter-regional bus terminal that will accommodate Mississauga Transit and GO Transit buses, and connect to existing TTC subway and bus service at Kipling station

Eglinton Crosstown LRT terminus stations–creating a long-term vision for the Eglinton–Mount Dennis mobility hub and Kennedy mobility hub

James St. North GO Station–planning for a high-quality public space and pedestrian and cycling connections for this new mobility hub in Hamilton

Our objective is to make the best use of our transit investments by ensuring that land use plans are closely tied to transportation improvements, that there are good connections between intersecting transit lines, and that station areas become high-quality destinations that benefit the travelling public and surrounding community.

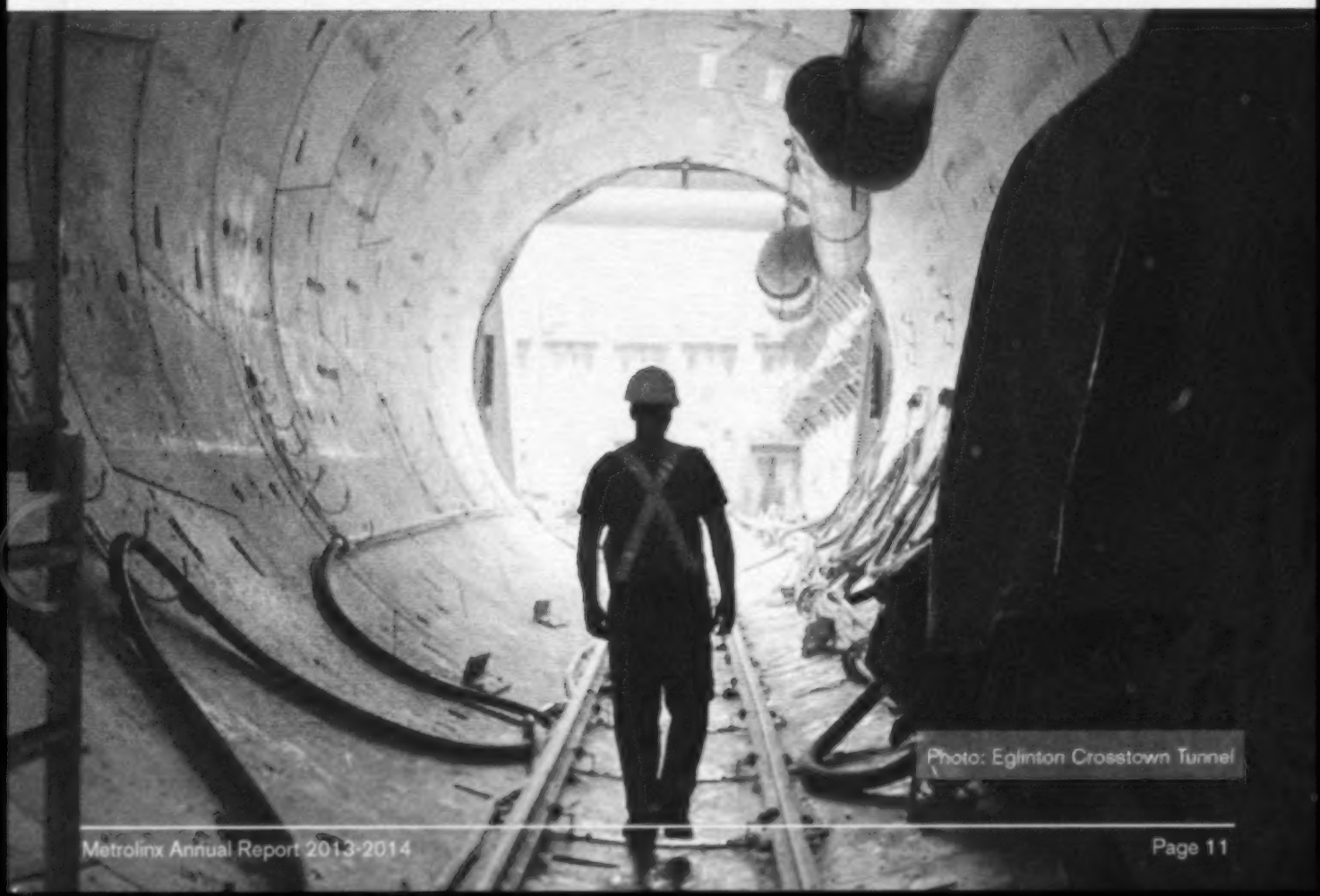


Photo: Eglinton Crosstown Tunnel

Photo: Union Station

Welcome to the new Union Station

You asked.
We listened.

Imagine a train station that's bright and airy, allowing thousands of passengers to easily pass through on a daily basis, getting to and from destinations quickly, comfortably and effortlessly. Picture this in one of downtown Toronto's oldest and most historic buildings. This is one of our highest-priority initiatives, the revitalization of Union Station.

Union Station is Canada's busiest passenger transportation hub and an important link in a regional network of railways, subways and rapid transit lines serving a community of 6.3 million people. Column by column, and track by track, the new Union Station is emerging from behind the cranes and scaffolding.

Construction projects currently underway will:

- Triple GO Transit concourses and allow for future GO expansion
- Transform the way people get to and experience the train platforms
- Welcome new UP Express passengers to the station

In 2013–14, we started construction on 12 new stairs and six new elevators to improve passenger access to and from trains, preserved and restored historic features across the station, and raised the last of 48 vertical steel columns that will support the 5,000-square-metre glass atrium over the train shed roof. We also completed a significant portion of the new flagship UP Express station, inside the SkyWalk at Union Station.

66 million
current number of GO passenger boardings annually at Union Station

2-3 times
anticipated increase of GO passenger traffic at Union Station by 2031

Photo: Crosstown LRV Rendering

Rapid Transit

Faster trips. Less gridlock.

Gliding on rails running above and below ground, and in dedicated bus lanes, rapid transit gets people to their destinations faster. Metrolinx is putting Provincial funding to work, connecting Toronto with $8.4 billion worth of rapid transit initiatives that will keep our economy strong, ease congestion, and provide easy connections to subways, buses and GO Transit.

Our highest-profile rapid transit project is the 19-kilometre Eglinton Crosstown LRT, which will provide rapid and reliable service across Eglinton Avenue, from Mount Dennis (Weston Road) in the west to Kennedy Station in the east. It includes a 10-kilometre underground section between Keele Street and Laird Drive, and will be up to 60% faster than bus service today.

In 2013–14:

- Extraction to launch shafts were constructed at Black Creek Drive and Allen Road to provide access for tunnel boring machines
- Tunneling progressed more than three total kilometres from Black Creek Drive to east of Allen Road
- Headwalls were constructed to support excavation work at Keele and Caledonia LRT stations, and construction has begun at Dufferin and Oakwood stations
- Keelesdale Park Bridge opened to provide safe public access to sports fields, the future community centre and the Chris Tonks Arena

The first segment of the 34-kilometre VivaNext BRT–on Highway 7 between Bayview and Highway 404–opened on August 18, 2013, ahead of schedule and on budget, providing a 30% time saving for passengers.

Photo: Tunnel Boring Machine

Photo: Train Rendering

Union Pearson (UP) Express

On budget.
On schedule.

Starting in spring 2015, the travel experience between Union Station and Toronto Pearson will be transformed with the launch of Union Pearson Express (UP Express). As Canada's first dedicated airport express rail service, UP Express will get passengers to and from Toronto Pearson quickly, reliably and comfortably. Each one-way trip–with brief stops at Bloor and Weston GO Stations–will take approximately 25 minutes with service departing every 15 minutes.

With the launch of UP Express, Toronto will join the ranks of 25 leading global financial centres that have high-quality, express rail links connecting their downtowns to the airport. Today, concrete, steel and glass are giving real-world shape to the visions of architects and engineers as four stations near completion. Newly laid tracks soar across the spectacular elevated three-kilometre "spur" line. State-of-the-art trains are in production. Uniforms are in design. And anticipation is building, with public awareness growing. Here's an advance preview of your journey.

UP at Union Station

UP's flagship station sits inside the Skywalk. The fully enclosed UP Express platforms at Union Station will be a stylish and comfortable place to spend the brief wait for the next shuttle, with interior access to GO Transit, VIA and TTC services. The station will be completed by December 2014.

UP at Bloor GO Station

The UP Express station at Bloor is being integrated with GO Transit as a mobility hub – welcoming passengers arriving from the TTC or driving into the passenger pick-up/drop-off area. Pre-cast tunnels have been installed, and a range of concrete works, steel fabrication, electrical and mechanical projects have been completed.

In 2013–14, construction began on all components of UP Express – trains, stations, rail spur, tracks and signals.

UP at Weston GO Station

Passengers at the UP Express station at Weston will wait on one of two open-air, canopy-covered platforms. The project has reached its final phase, which includes construction of the station building, landscaped plaza, expanded parking lot and pedestrian bridge spanning Lawrence Avenue.

Elevated Spur

Connecting the existing GO Kitchener rail corridor to Pearson Airport's Terminal 1, the spur's structure is complete–including 70 caissons, columns, pier caps and bearing seats, 319 concrete girders and 24 steel girders, 46 concrete bridge decks, 32 parapet walls, 22 expansion joints and three bridges–and tracks and signals are being installed.

UP at Pearson Station

A seamless integration point and warm first welcome to the city, the enclosed UP Express platforms at Toronto Pearson International Airport will be a 150-metre walk from Terminal 1 and a two-and-a-half-minute Automated People Mover ride from Terminal 3. The exterior shell of Pearson Station is complete, with interior mechanical and electrical work progressing quickly.

UP Trains

UP Express will be the first rail service in North America to use Tier 4 diesel technology, which is cleaner and more efficient when compared to the existing technology. The UP Express trains can also be adapted for electrification in the future. Eighteen units have been purchased: twelve "A" cars with a front 'nose' design and six "C" cars equipped with washrooms. The trains are being shipped in stages and are starting to make their way from Japan to VIA Rail's Toronto Maintenance Centre.

Photo: UP's flagship station at Union Station

Photo: UP at Pearson Station

Preparing for passengers

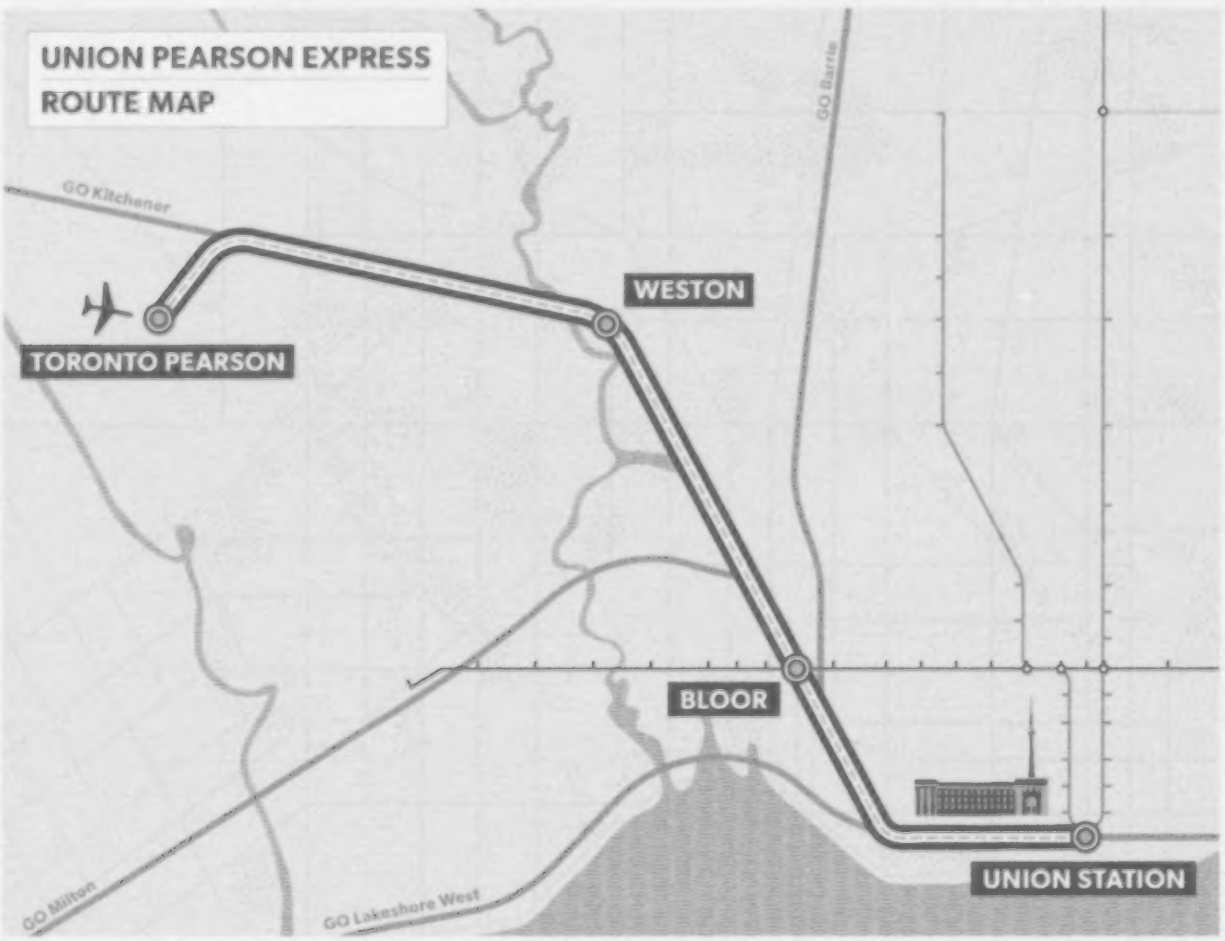
UP Express has been designed with guest experience at its core. Onboard the train, passengers will experience comfortable seating, luggage racks, onboard WiFi, power outlets and wheelchair-accessible washrooms. Our Guest Services Representatives will provide passengers with exceptional, accessible service for their 25-minute journey.

Engaging the business community

Metrolinx is committed to keeping our partners in the community informed and engaged in the development of UP Express. Beyond engaging stakeholders through website updates, newsletters, briefings, speaking engagements and three community offices, we have:

- Initiated outreach to potential strategic alliance partners and corporate accounts
- Increased outreach to Business Improvement Area groups
- Continued outreach to hospitality, tourism and conventions stakeholders

THE UP EXPRESS IS EXPECTED TO REMOVE UP TO 1.2 MILLION CAR TRIPS IN ITS FIRST YEAR OF OPERATIONS



GO Transit

More service.
More passengers.

GO Transit continues to offer safe, fast, reliable, comfortable service to passengers in communities across the Greater Golden Horseshoe. Since May 1967, we have welcomed more than a billion passengers onto our trains and buses.

This past year, GO Transit implemented the largest service expansion in our history. On June 29, 2013, we introduced off-peak service every 30 minutes, seven days a week, along the Lakeshore East and West lines–adding an extra 263 train trips every week.

In addition to Lakeshore 30 minute service, we also added new train trips across the system, and dozens of new weekday and weekend bus trips. Off-peak ridership increased by about 30% in 2013–14 compared to 2012–13.

With 5,400 parking spaces across five GO Transit stations, it's easier to find a spot. Head inside and stay connected with free WiFi, piloted in 2013 at 13 stations and expanding to all stations soon. When the train pulls in–within five minutes of the schedule 93% of the time–find a comfortable seat downstairs if you want to chat, or upstairs in the Quiet Zone, piloted across all rail corridors in July 2013 and now a permanent feature during rush hour.

Welcome aboard.

Customer service is a high priority at GO Transit - and we define an exceptional passenger experience broadly. It means everything from more departure times, more parking spaces and accurate, up-to-date electronic signage to more "going green" options such as on-site Zipcar rentals, electric vehicle charging stations and dedicated carpool spots.

Our fleet is growing

Received in 2013-14

Locomotives
3 (for a total of 65)

Bi-level coaches
25 (for a total of 574)

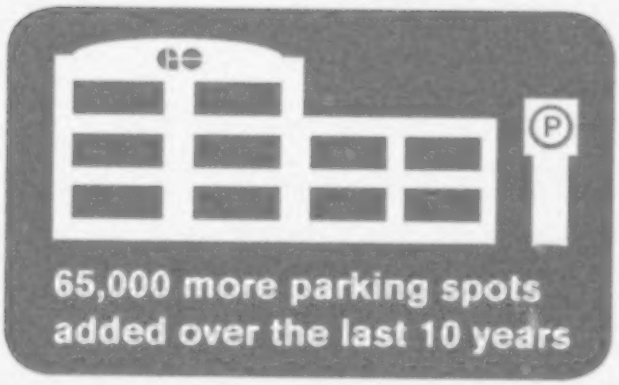
Buses
18 (total of 468 in active use)

Ordered in 2013-14

Bi-level coaches
+65

Buses
+93 (42 for growth, 51 for scheduled replacement)

Completed in 2013–14, the **GO Transit Rail Parking and Station Access Plan** recommends parking and station access improvements at each GO Transit train station based on customers' parking needs, value for money, the potential for other station access modes such as walking, cycling, transit, and carpooling, and integration with land use plans and goals.



Passenger Charter Commitments Performance in 2013-14

Measure	Target	2012-13	2013-14
On-time performance	94%	94%	93%
Trips cancelled or delayed	1.0%	0.9%	0.8%
Satisfaction with safety	80%	83%	88%
Satisfaction with communication	77%	71%	72%
Rush-hour seat availability	80%	65%	62%
Satisfaction with cleanliness	82%	80%	82%
Average time to respond to customer concerns	2.0 days	1.8 days	2.8 days
Telephone calls answered within 20 seconds	80%	87%	79%

Georgetown South Project

In addition to progressing with construction work at 60% of GO Transit's 63 stations across the network, we achieved several milestones on the Georgetown South Project. By making travel along this important rail corridor easier, more efficient and more flexible, we can create more liveable, dynamic and safe communities. The Georgetown South Project is improving infrastructure to meet existing GO Transit ridership demand and future growth. It will also accommodate existing and future VIA Rail and CN freight train service, as well as UP Express.

Here are some of our accomplishments in 2013–14:

- August 2013 – completed bridge widening work to accommodate increased traffic in the West Corridor Bridges at Highway 427, Kipling Avenue, Martin Grove Road and Highway 27
- September 2013 – installed two of four bridges to separate commuter and freight traffic and eliminate a major bottleneck at the West Toronto Diamond in the Junction Triangle
- October 2013 – removed the level crossing at the Strachan Avenue Overpass, with all three tracks in the north lowered corridor open to trains
- November 2013 – reopened King Street at the Weston Tunnel rail crossing as the first of three overpasses across the lowered rail corridor

These infrastructure improvements are a key component of The Big Move and, through track sharing, will benefit both GO Transit and UP Express passengers.

PRESTO

More availability.
More integration.

Across the GTHA and in Ottawa, PRESTO is making fare payment more convenient with a simple, flexible, reloadable smartcard. More than one million activated cards are in circulation and, in 2013, we attracted an average of 50,000 new PRESTO customers each month. Tap your card.

Paying your way—simplified

At prestocard.ca, significantly enhanced during the year, customers can order, activate and register cards, check balances and add value automatically or as needed. For transit systems that allow it, customers can add a monthly or weekly pass to their card, enabling unlimited trips.

Many systems, one card

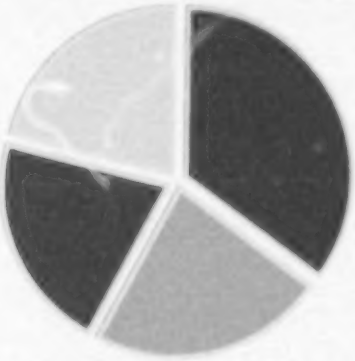
Passengers can use their card on any PRESTO-equipped transit system in the GTHA or Ottawa, thanks to a major "next generation" system upgrade in January 2014. This improvement showed immediate results, with more than 1,700 PRESTO customers tapping on in both Ottawa and the GTHA up until the end of March. This is an important step towards our ultimate goal of fare integration across the region.

Changing the way people travel

PRESTO is transforming the way people use transit across the region. Almost eight million PRESTO taps last year were from passengers transferring between two or more transit agencies in one trip. Analyzing how and where people move within the GTHA helps us create a more efficient regional transit system.

Brampton Transit · Burlington Transit · Hamilton Street Railway · Durham Region Transit · GO · Oakville Transit · OC Transpo · TTC · VIVA · MiWay

Last year, the largest percentage of PRESTO-paid tripe that included a transfer from one system to another occurred on:



- 35% Durham Region Transit
- 23% Oakville Transit
- 21% Burlington Transit
- 21% other PRESTO-enabled transit systems

Planning for the future

As the next step towards full implementation across the TTC, new TTC streetcars along select lines will be PRESTO-enabled starting in the fall of 2014. We're also preparing to enable 12 new subway stations and retrofit the current 14 with new equipment, starting in the same timeframe. PRESTO and a new e-ticketing system will be available on UP Express when it launches in April 2015 and PRESTO will be enabled at the 25 stations on the Eglinton Crosstown LRT when it launches in 2020.

PRESTO activated its one millionth card in March 2014. Half of PRESTO's users signed up in the past year.

215,000 PRESTO cards were purchased by Ottawa passengers in a six-month rollout to OC Transpo that began in April 2013.

The final step in our "next generation" system upgrade, launched in January 2014, was a 6,000-people-hour investment that upgraded more than 7,600 PRESTO devices and migrated 100 million records–ahead of schedule, and without impacting customers' travel.

Photo: Pickering pedestrian bridge

Photo: UP Express spur

Innovation & Sustainability

Fresh perspectives, new approaches and creative problem solving are essential to address the complex challenges of regional transportation in the GTHA and ensure that we minimize environmental impacts. Here are just a few examples of innovation and sustainability in action at Metrolinx.

Inspiring change

Our **Smart Commute** program helps employers and commuters explore different commute choices–such as carpooling, cycling and transit–to ease gridlock, improve air quality and reduce greenhouse gas emissions while making commuting less expensive and more enjoyable. In 2013–14, Smart Commute workplaces participated in Bike Month, Bike to Work Day, Carpool Week, Clean Air Commute and Smart Commute Week. On November 21, 2013, we held the 7th annual Smart Commute Awards, with Mohawk College named Smart Commute Regional Employer of the Year.

By March 31, 2014, Smart Commute had signed up 323 active workplaces with 726,477 commuters. Nearly 1,500 participants in Smart Commute Week 2013 reduced single-occupancy vehicle trips by 13%.

Carpool to GO makes it easier to choose carpooling–and benefit from shared costs–by offering designated carpool parking in more than 400 spaces at 32 GO Transit stations across the GTHA. The program will expand to all GO Transit stations with parking in 2014.

Photo: 2013 Smart Commute Awards

Metrolinx is also spearheading initiatives aimed at changing the way students get to school. During the year, we published the first benefit-cost analysis of school travel planning projects in Canada–showing a 2:1 return on investment. And we invited eight provincial ministries, as well as school boards, public health units, municipalities and non-governmental organizations to work together to develop a coordinated provincial strategy to promote active and sustainable school transportation.

Across the GO Transit network, stations are becoming more efficient, with LED lighting, energy management systems, white reflective roofs and geothermal heating. Our vehicles are becoming more fuel-efficient, too–and this year we ordered our first bus that can run on compressed natural gas, a cost-effective alternative to gasoline and diesel fuel.

Leading by example

The Pickering GO Station building, rehabilitated to include passenger amenities and eco-friendly features that will result in a 60% savings in annual energy consumption, attained **LEED®** (Leadership in Energy and Environmental Design) Canada Gold certification for New Construction and Major Renovations–a first for a passenger station building in the GTHA. Other LEED-certified GO Transit facilities include:

- Brampton bus facility–LEED Gold
- Oshawa bus facility–LEED Gold
- Halton Hills bus facility–LEED Silver
- Streetsville bus facility–LEED Silver

We launched an **electric vehicle charging** pilot at five GO Transit stations on November 27, 2013. The pilot will expand to an additional five GO Transit stations in 2014.

Photo: Oshawa Bus Facility

In transit planning, we continued work on the **Cross-boundary Specialized Transit Improvement Project**, an important accessibility initiative that addresses the barriers people with disabilities face when booking trips across multiple transit systems.

In transit operations, we began to test a **Computer Aided Dispatch and Automated Vehicle Location (CAD/AVL)** system on select GO Transit buses. The system provides automated visual and voice next stop information and will help us boost performance, reliability and passenger safety.

We also introduced new and innovative **Customer Relationship Management technology** to enhance customer service for GO Transit and UP Express across multiple channels, including the call centre, self-service and social media.

Innovation and sustainability are corporate priorities within Metrolinx. Every year, we select four **Rob MacIsaac Fellows** to research and test transportation-related challenges. This year's fellows are exploring themes such as travel behaviour, active transportation, barrier-free access and mobile technologies. Also in 2013–14, we established four **Metrolinx Energy Management Teams** (representing each major operating division) as well as an Energy Management category within our internal Linx Awards program to engage our employees on issues related to sustainability.

Metrolinx Innovation Think Tank held its first event for Metrolinx staff on October 11, 2013, focused on innovation in the procurement of large-scale capital projects.

Designing the future

Good design does not cost more, but it can catalyze urban growth, increase the sustainability, durability and vital lifespan of buildings, increase ridership, improve passenger comfort and safety, and reduce expenses related to maintenance. In 2013–14, in support of our commitment to design excellence, we:

- Launched the Metrolinx Design Review Panel, comprising external architects, landscape architects and urban designers, as well as ad hoc panelists for specialized consultation
- Initiated development of urban, architectural and landscape design excellence guidelines that will apply to GO Transit stations, major bus terminals and maintenance and operating facilities
- Spearheaded a project with other GTHA transit agencies to develop a common regional wayfinding vision for public transit to be introduced through the Eglinton Crosstown and Metrolinx Regional Transit Traveller Information System

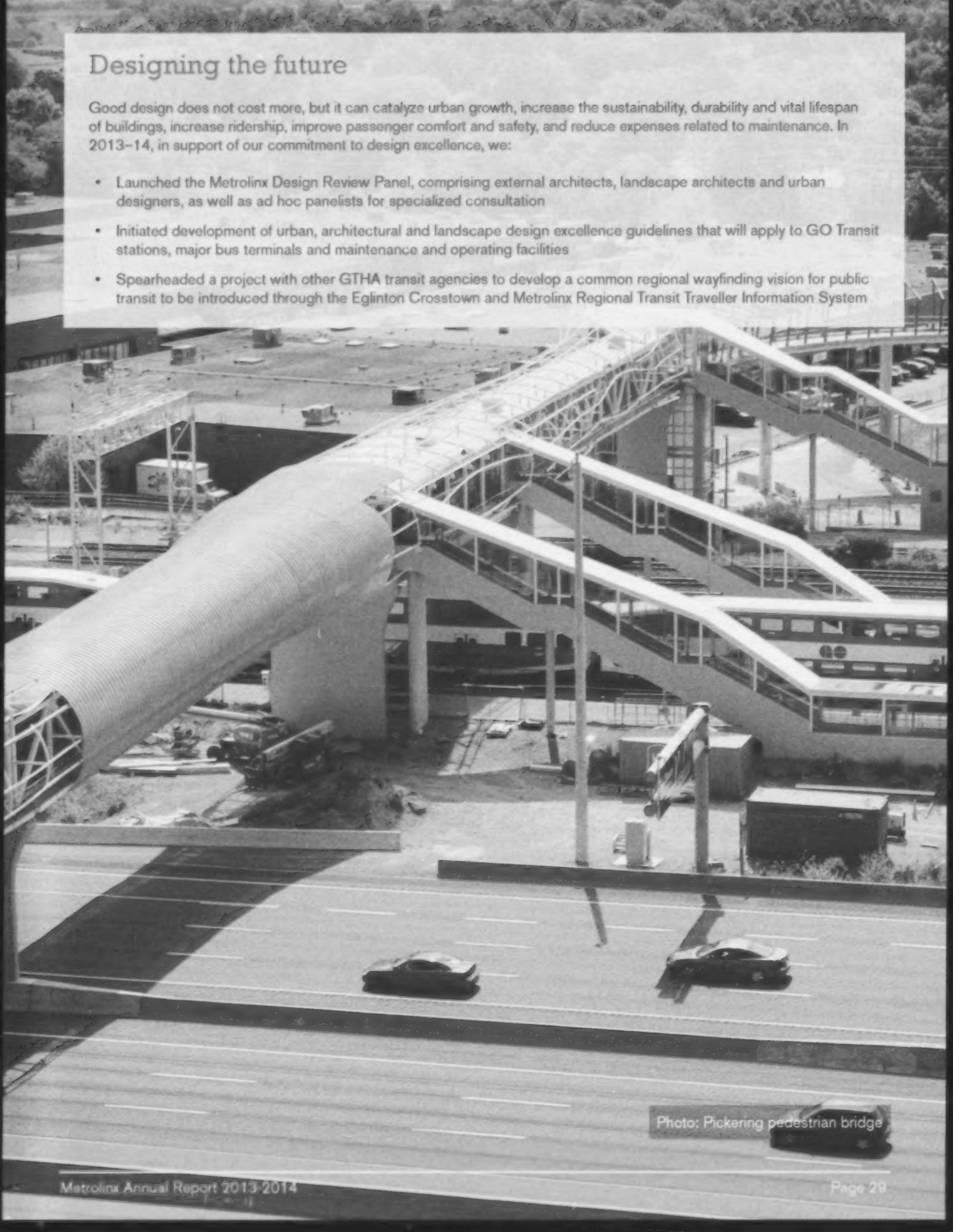


Photo: Pickering pedestrian bridge

Outreach & Engagement

Being a responsible corporate citizen is an essential part of the business of Metrolinx. Throughout the planning, implementation and operation of transit and transportation initiatives across the GTHA, we engage with stakeholders and the public through consultation, traditional media and social media. Our goal is to listen, learn, inform and engage so we can, together, create the best possible transit and transportation network for our region.

Inviting diverse perspectives

Here are some of the outreach and engagement initiatives we oversaw in 2013–14:

- Georgetown South Project noise walls community advisory committees; eight committees with more than 150 community members held 32 meetings
- Georgetown South Project employment initiative, including career fairs, networking events and the Hammer Heads training program
- Hamilton James St. North Station design input stakeholder meeting
- Electrification environmental assessment project update public meeting
- Stouffville environmental assessment public meetings
- Hurontario-Main environmental assessment public meetings
- Regional Relief Strategy stakeholder meeting

Investment Strategy engagement
Metrolinx held meetings with municipal councils and community and business leaders to introduce or refresh their understanding of The Big Move and Next Wave of projects:

- 100+ stakeholder or public events
- Bigmove.ca website; nearly 85,000+ visits between launch and March 31, 2014.
- January and February 2013: nearly 1,000 people attended 12 public roundtable events about The Big Move, the Next Wave, and possible funding options.

Photo: Agincourt overpass

In 2013–14, we started to build Community Benefits Agreements (CBAs) into our major infrastructure projects. CBAs help to ensure that Metrolinx works with local and regional organizations to take advantage of the local workforce, supports training, development and apprenticeship programs, and enhances environmental sustainability and local economic development. The Eglinton Crosstown LRT was the first Metrolinx initiative to include a CBA.

Residents Reference Panel

In January 2013, 400+ GTHA residents applied to be part of a group that would conduct an extensive review of transportation investment.

- 36 were selected;
- The Panel met over four Saturdays in February and March 2013 to learn about The Big Move, hear from experts in the field, and work together to provide informed advice;
- The panel proposed three major and two minor funding scenarios in their comprehensive 48-page final report that was delivered to the Metrolinx Board of Directors.

On October 25, 2013, the **Georgetown South Project Employment Initiative** celebrated its one-year anniversary. This partnership between GO Transit and the City of Toronto is one of many ways Metrolinx helps communities in the region realize social and economic benefits in addition to the transportation benefits of The Big Move. It connects people living along the Georgetown South rail corridor with design and construction career opportunities, and includes Hammer Heads, a skills development program for youth aged 18 to 26.

Seeking customer feedback

In August 2013, we launched the **PRESTO Panel**, recruiting a group of registered customers who had completed our 2012 PRESTO Customer Satisfaction Survey to share their insights through a versatile and dynamic online market research tool. Their feedback is helping us identify customer needs and priorities, and drive improvements across PRESTO. Meanwhile, **Let GO Know**, GO Transit's online advisory panel and the model for the PRESTO Panel, continued to run surveys and polls soliciting customer feedback at www.letgoknow.com.

Photo: Agincourt overpass

Communicating progress

Construction work around the GTHA is building a better transportation system that will benefit us all, but it often disrupts normal traffic patterns and is a temporary inconvenience. Our communications initiatives in 2013–14 emphasized, **"We're building transit to get you moving"** – making the value very clear to the communities we serve. Key messages emphasized:

- Metrolinx is working hard to do what we were established to do–build transit;
- The construction people see every day is part of Metrolinx's coordinated strategy to invest $16 billion in regional transit and transportation.

In November 2013, we launched Think Forward, our digital newsletter aimed at telling our story of progress to subscribers from across the region.

Raising our social media profile

We're using our accounts on Twitter, Facebook, Flickr and Instagram to allow the public to track our progress, watch behind-the-scenes footage and learn about Metrolinx and our transit projects. In 2013–14, we established dedicated GO Transit and PRESTO teams to address compliments and complaints on Twitter and Facebook. For GO Transit, we started providing 24/7 status updates on Twitter during major service disruptions.

11,200 Twitter followers
twitter.com/Metrolinx

11,169 Facebook likes
facebook.com/MetrolinxOfficial

1,163,000 Flickr views
flickr.com/photos/Metrolinx

1,302 Instagram followers
instagram.com/Metrolinx

Photo: Union Station

Awards & Recognition

Metrolinx
Bronze Level, Sustainability Commitment
American Public Transit Association

Metrolinx
Winner, Greater Toronto Top Employers Award
Canada's Top 100 Employers

Metrolinx
Winner, Canada's Top Employers for Young People Award
Canada's Top 100 Employers

Metrolinx
Winner, Canada's Outstanding Employer Award for Take Our Kids to Work program
The Learning Partnership

GO Transit
Winner, Outstanding Public Transportation System Achievement Award for a Large System
American Public Transportation Association

UP Express
Winner, Project of the Year
Shortlist, Concept of the Year
Global AirRail Awards

Public Engagement for The Big Move
Runner-up, John and Jane Public Competition, Transportation Modeling
U.S. Transportation Research Board

VivaNext BRT
Winner, Project of the Year
Ontario Public Works Association

Stepping It Up
Winner, Sustainable Urban Transportation Award
Transportation Association of Canada

Management Discussion & Analysis

Corporate Performance

In 2013-14, Metrolinx continued to implement the mandate to expand the quantity and improve the quality of transportation infrastructure in the Greater Toronto and Hamilton Area (GTHA). Many new initiatives were begun in the fiscal year that are reflected in the operating and capital performance results for 2013-14. GO Transit continues its transformation into a comprehensive all-day regional transit service, while retaining its customer focus. Thirty minute off-peak rail service was implemented on the Lakeshore lines as well as additional off-peak and weekend bus service. PRESTO service was fully implemented in Ottawa while preparations for the full implementation on the TTC continued. Hiring of rail crews and the development of operations and marketing plans were completed during the year in support of the launch of UP Express in 2015. Net loss for the year of $16.9 million was slightly lower than the 2012-13 actual loss of $17.2 million and the 2013-14 budgeted loss of $22.6 million. The net loss represents the excess of operating expenses, including amortization, over revenues earned in the year.

In summary, the financial performance for the year shows that the organization is in an expansion mode. Both capital and operating subsidies have steadily increased in response to the capital expansion, provision of extra services, and creation and operation of new business segments such as UP Express and PRESTO.

The following table summarizes the consolidated revenues, operating costs, and ridership (as measured by boardings) for Metrolinx and all its operating divisions (GO Transit, PRESTO, UP Express) for fiscal year 2013-14, the three prior fiscal years and the 2013-14 budget.

Summary of Corporate Performance *(rounded to '000)*	2010-11 Actual	2011/12 Actual	2012/13 Actual	2013/14 Actual	2013/14 Budget
Operating Costs	434,953,000	475,261,000	524,271,000	611,829,830	593,661,000
Commuter Revenue	313,085,000	338,075,000	357,333,000	393,573,700	400,700,000
Non-fare Revenue	15,167,000	25,201,000	26,499,000	26,181,800	27,029,000
PRESTO Revenue	16,000	832,000	7,927,000	18,768,800	5,000,000
Ridership	58,533,180	62,216,770	64,688,095	66,055,420	68,239,070

Note:

1) Fare integration expense has been reclassified as revenue offset to commuter revenue

As a result, commuter revenue and rail and bus operations have been adjusted accordingly for fiscal years 2009-10, 2010-11, 2011-12, 2012-13, and 2013-14

2) Non-fare revenue for 2010-11 and 2011-12 has been restated to include interest income received in 2012-13 relating to these prior periods

Financial Report

The following discussion and analysis of the financial condition and results for Metrolinx should be read in conjunction with the audited financial statements and related notes for the fiscal years ended March 31, 2011 (fiscal 2010-11), March 31, 2012 (fiscal 2011-12) and March 31, 2013 (fiscal 2012-13) and March 31, 2014 (fiscal 2013-14).

Financial Report *(rounded to '000)*	**2010-11 Actual**	**2011/12 Actual**	**2012/13 Actual**	**2013/14 Actual**	**2013/14 Budget**	**Variance**
Revenue						
Commuter revenue*	313,085,000	338,075,000	357,333,000	393,573,700	400,700,000	(7,126,300)
Non-fare revenue	15,167,000	25,201,000	25,088,000	26,181,800	27,029,000	(847,200)
PRESTO revenue	16,000	832,000	9,338,000	18,768,800	5,000,000	13,768,800
Provincial contributions***	96,612,000	92,110,000	120,538,000	161,480,000	143,931,500	17,548,500
Federal contributions	177,000	151,000	-	-	-	-
Amortization of deferred capital contributions	220,607,000	245,770,000	244,387,000	291,147,100	301,794,000	(10,646,900)
Gain (loss) on disposal of capital assets	(781,000)	1,130,000	417,000	245,700	-	245,700
Total Revenues	644,883,000	703,269,000	757,101,000	891,397,100	878,454,500	12,942,600
Expenditures						
Supplies and services	33,153,000	25,568,970	24,127,515	34,465,500	24,640,000	(9,825,500)
Equipment and maintenance	55,043,000	60,511,000	60,625,389	73,803,670	70,714,000	(3,089,670)
Facilities and track	58,475,000	69,196,442	77,053,107	88,349,580	90,995,000	2,645,420
Labour and benefits**	149,576,000	170,623,248	194,231,144	212,535,959	207,344,000	(5,191,959)
Rail and bus operations	125,717,000	129,387,646	138,346,053	156,382,500	155,452,000	(930,500)
PRESTO operating division	12,989,000	19,588,043	29,435,743	37,118,250	41,716,000	4,597,750
UP operating division	-	385,651	452,049	9,174,370	2,800,000	(6,374,370)
Amortization of capital assets	220,823,000	253,024,000	249,730,000	296,197,560	307,054,000	10,856,440
Amortization of long term leases	327,000	327,000	327,000	327,040	327,000	(40)
Total Expenditures	656,103,000	728,612,000	774,328,000	908,354,429	901,042,000	(7,312,429)
Net Income (Loss)	(11,220,000)	(25,343,000)	(17,227,000)	(16,957,329)	(22,587,500)	(2,755,500)

Note:

* 2012-13 Actual includes long-term accruals for post employment benefits which are not funded.

** Fare Integration expense has been reclassified as a revenue offset to commuter revenue. As a result, commuter revenue and rail and bus operations have been adjusted accordingly for fiscal years 2009-10, 2010-11, 2011-12, 2012-13, and 2013-14

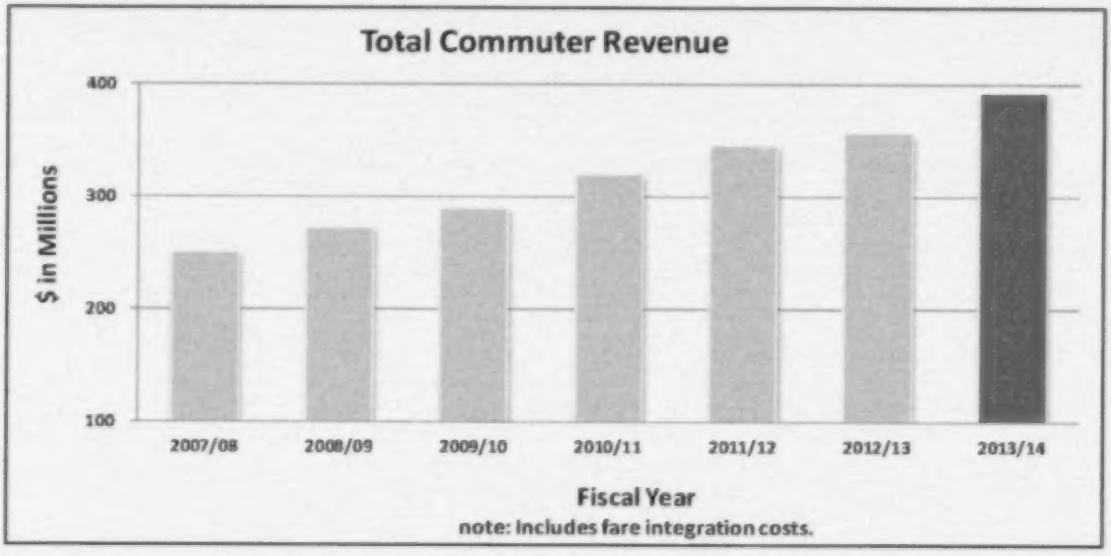
*** Interest income has been amended to include interest received in 2012-13 relating to prior periods

Revenues

Commuter revenues

Metrolinx commuter revenue continued making strong gains in 2013-14, increasing to $394 million compared to prior year's $357 million. The 10.1% increase in commuter revenue was driven by a fare increase and higher ridership levels. While the year over year revenue growth was strong, the result was $7.1 million or 1.8% under budget as actual ridership did not increase as aggressively as had been set out in the budget. Further discussion on ridership is discussed in the next section.

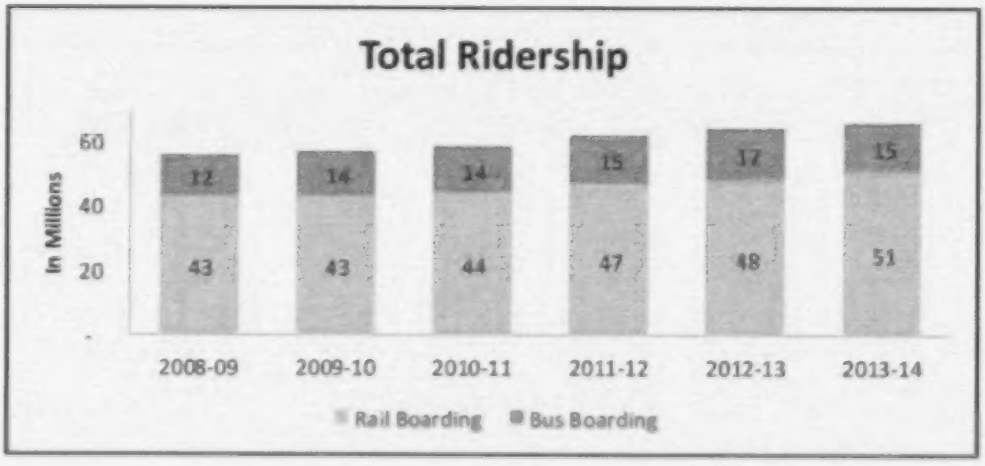
In the seven year period from fiscal 2007-08 to 2013-14, commuter revenue has increased at a compounded annual growth rate of 6.6%.



Ridership

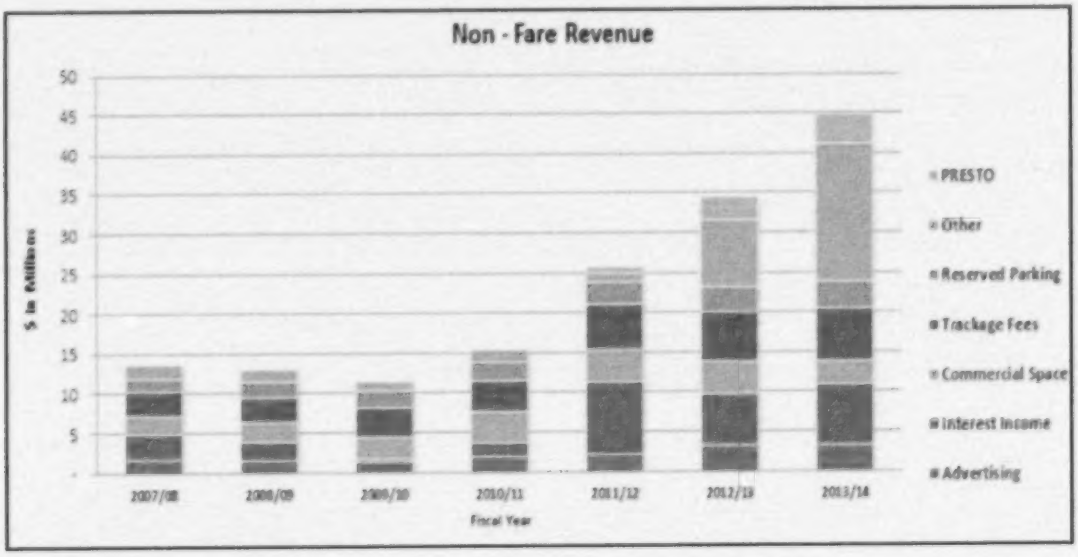
Metrolinx ridership (as measured by boardings) increased in 2013-14 to 66.1 million (2.0%) from the 64.7 million reported in 2012-13. Ridership for the fiscal year was 2.2 million or 3.2% under an aggressive budget set for the year. While less than the budgeted ridership growth, it continues to represent solid increase in the corporation's customer base. Growth on the rail system was very strong at 5.6%, while the rationalization of bus service in Durham Region with the shift of some services to Durham Region Transit was the primary reason for the drop in bus boarding of 8%.

In the six year period from fiscal 2008-09 to 2013-14, ridership increased at a compounded annual growth rate of 2.85%.



Non-fare revenues

Non-fare revenues increased to $44.9 million in 2013-14 from the $34.4 million (excluding gain/loss on sale of capital assets) reported in 2012-13. PRESTO contributed approximately $18.77 million in revenue, primarily through transaction fees earned on Internet transactions and the sale of Intellectual Property (IP) rights. Metrolinx has issued its first consolidated advertising RFP and expects it to be in place for fiscal 2014-15. With the new advertising contract in place, advertising revenue is expected to increase.

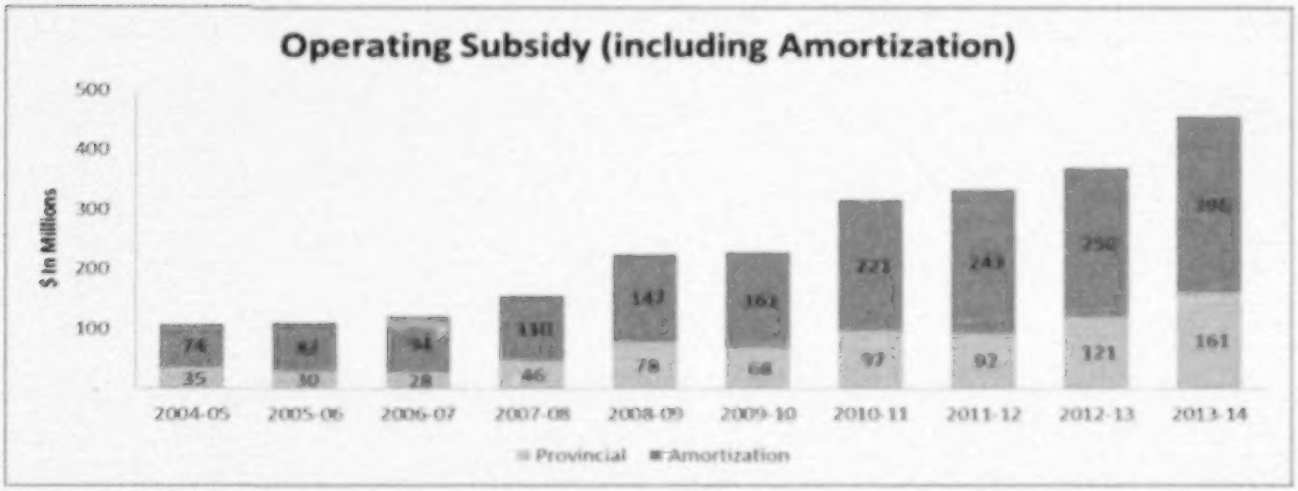


Government Funding

Operating Subsidy

Metrolinx received approximately $161.48 million in operating subsidies from the Province of Ontario, of which $37.1 million was allocated to the direct costs of PRESTO operations and $9.2 million to the direct costs of UP Express.

Operating subsidies from the Province have increased steadily over the last ten years. Amortization has been fully funded by the Province. Implementation of many of the commitments made under The Big Move have required an increase in operating dollars as new business segments such as PRESTO and UP Express were created. The increase in mid-day and weekend GO Transit service also drives the increase in operating subsidies. Operating subsidies from the Province increased at a compounded annual growth rate of 16.55% each year. No municipal subsidies were received over the last ten years and federal subsidies were received in two of the ten years: $177,000 (2010-11) and $151,000 (2011-12).

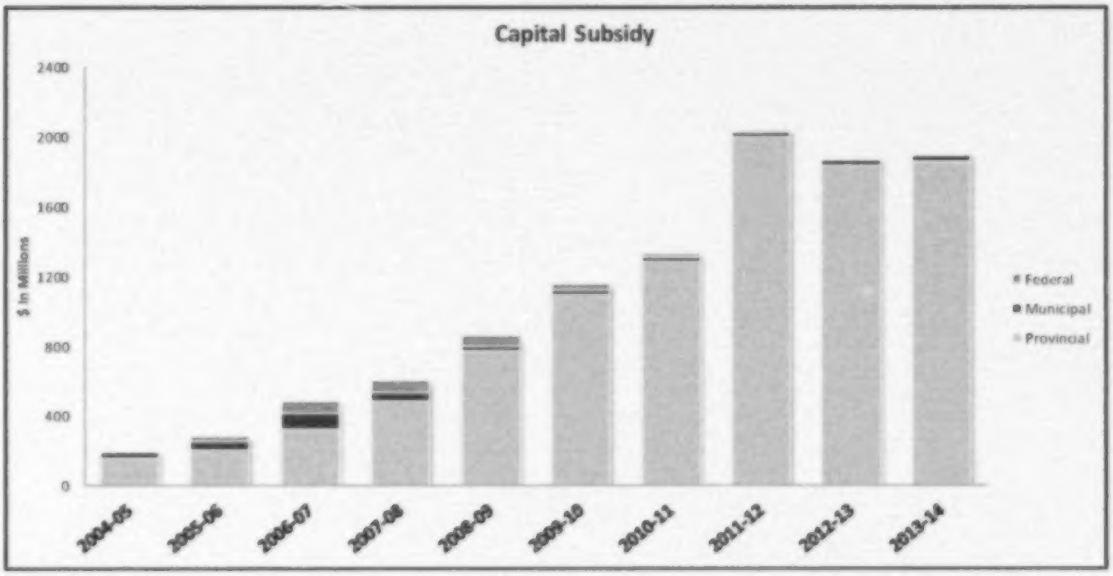


Capital Subsidy

Capital investments increased to $1,973.5 million in 2013-14 from $1,877 million in 2012-13. Funding from the Province of Ontario totaled $1,937.5 million for 2013-14. Metrolinx also received capital funding from the federal government of $2.7 million and $33.3 million from municipal governments.

Capital investments, however, were reduced in the year to reflect decisions of the City of Toronto Council. Capital costs incurred for the design of Light Rail Transit (LRT) in the Scarborough corridor in the City of Toronto of $78.9 million was removed from the capital inventory as the City of Toronto Council voted to replace the planned LRT with a subway. The City of Toronto has agreed to reimburse Metrolinx for the expenditures incurred and the $78.9 million has been appropriately recorded as a receivable. Any costs related to amendments to the light rail vehicle contract are not known at this time. Capital investments outstanding at year end stood at $1,894.6 million after reflecting the $78.9 million reduction.

Significant ongoing capital investments during the year include: ensuring construction of the UP Express is proceeding on time and on budget; a wide variety of GO Transit improvements, and advancing construction of priority rapid transit projects consistent with The Big Move, including the Eglinton Crosstown LRT.



Operating Costs

Labour & Benefits

Labour and benefits were approximately $5.9 million (excludes unfunded accruals) under budget due primarily to staff vacancies and delays in hiring new staff. This was partially offset by increased overtime. However, the budget does not include long-term accruals for post-employment benefits which are funded on a pay as you go basis.

Equipment & Maintenance

Equipment and maintenance costs was approximately $3.09 million over budget driven by an increase in the costs in consumables related to the new thirty minute service on the Lakeshore lines and the repair of rail coaches damaged in the flood of July 2013.

Supplies & Services

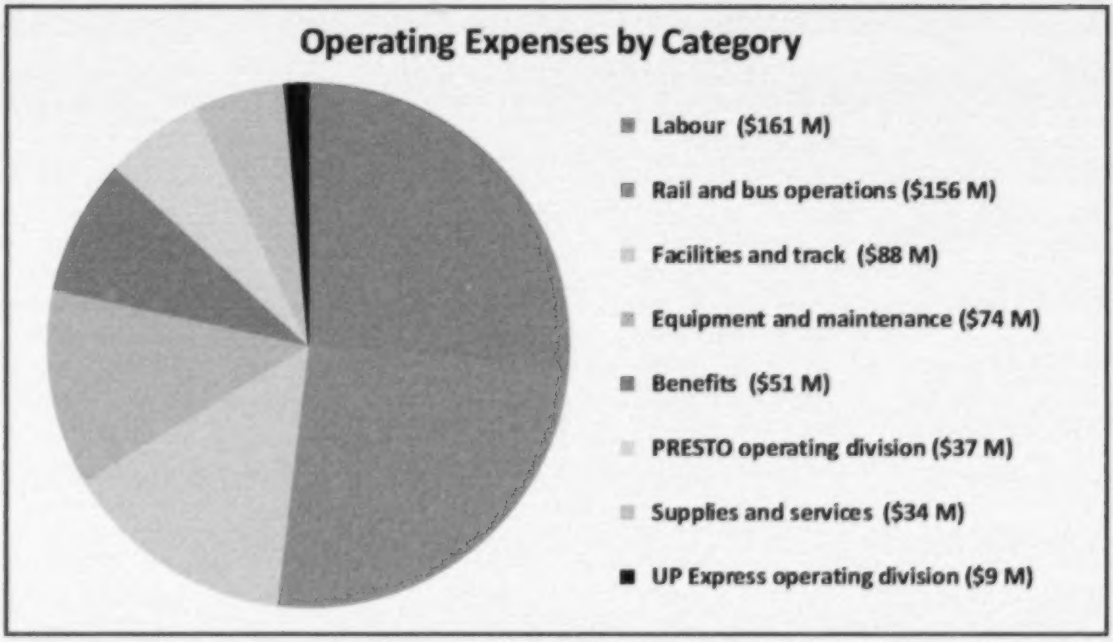
Supplies and services costs were approximately $9.8 million over budget due primarily to additional professional services to support the Investment Strategy.

PRESTO Operations

PRESTO operations were approximately $4.6 million under budget as staff vacancies have been higher than expected and a reduction in professional services.

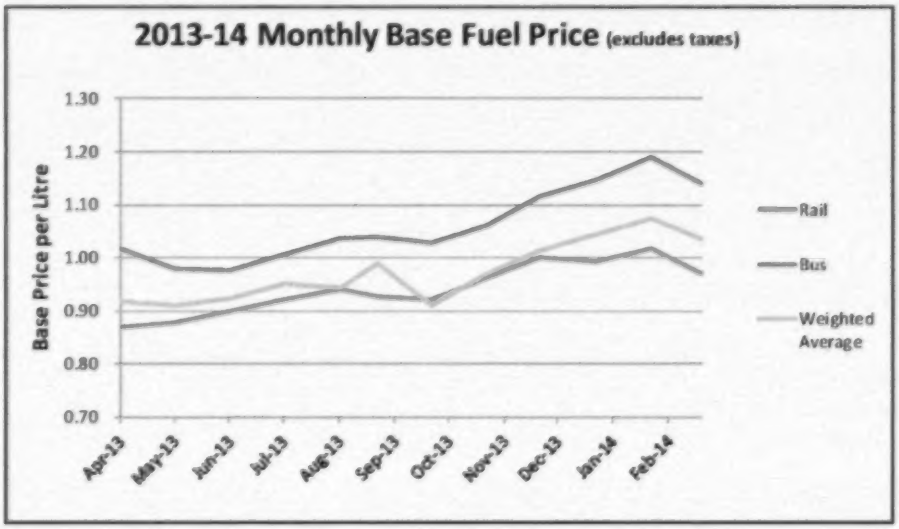
UP Express Operations

The UP Express program was formally initiated in fiscal 2011-12 as it began its business and capital planning to be in-service for the 2015 Pan Am Games. Operating expenses were approximately $6.4 million over budget, primarily due to crew training costs.

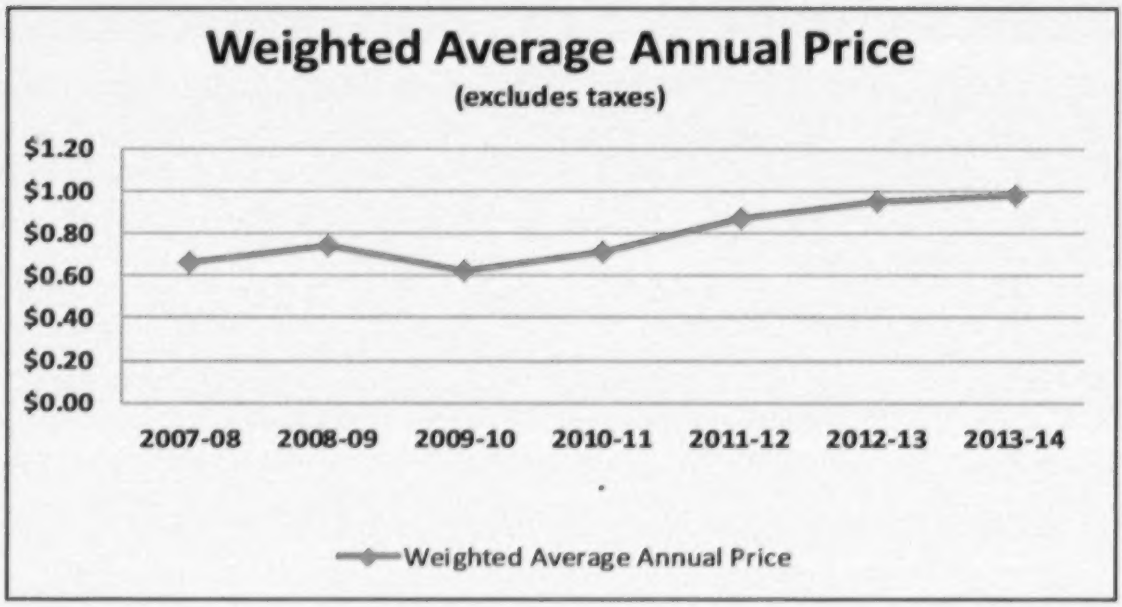

Operating Expenses by Category
Labour ($161 M)
Rail and bus operations ($156 M)
Facilities and track ($88 M)
Equipment and maintenance ($74 M)
Benefits ($51 M)
PRESTO operating division ($37 M)
Supplies and services ($34 M)
UP Express operating division ($9 M)

Rail & Bus Operations

Rail and bus operations' actual operating expenses were approximately $3.0 million over budget primarily due to higher wayside power costs and liability claims. This was offset by diesel fuel costs, which are included as part of rail and bus operations, were $2.1 million under budget due to lower prices early in the year. In 2013-14, diesel fuel costs totaled $66.0 million, representing 11% of total operating costs.

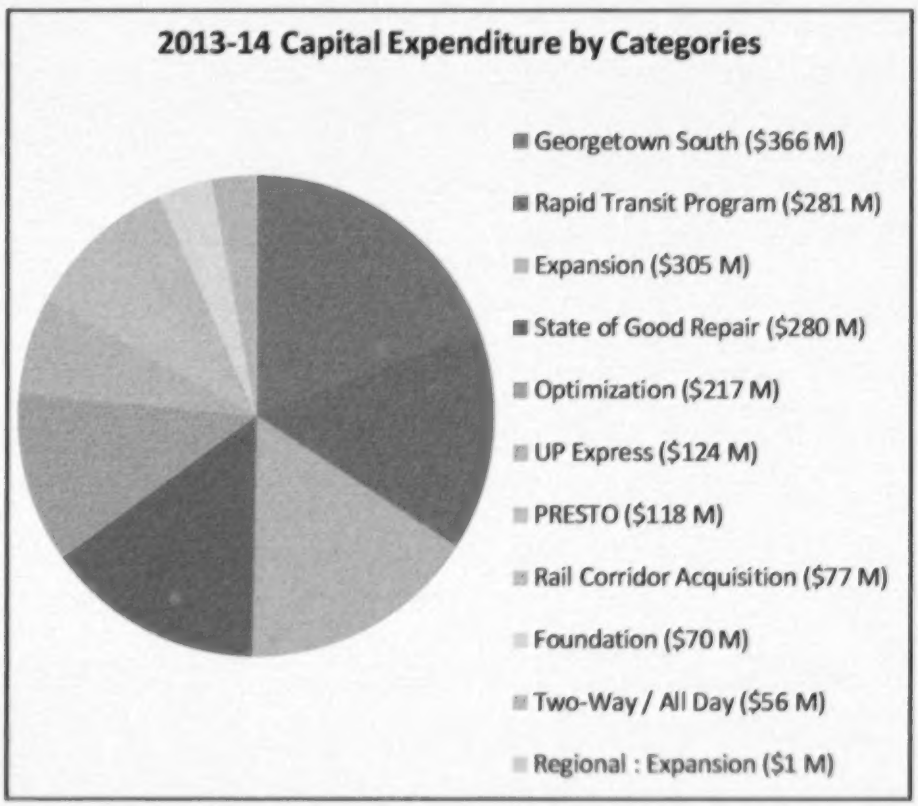


Diesel fuel price has increased steadily since 2009-10 but had been expected to stabilize in fiscal 2013-14. Geopolitical factors play a key role in determining whether fuel prices will actually stabilize. Metrolinx uses diesel fuel consultants, fixed-price contracts and is planning to implement financial hedging instruments to help increase greater price certainty in its diesel fuel costs.



Capital Investments

In 2013-14, Metrolinx continued working towards the Province's mandate to significantly increase its investment in public transit infrastructure. Major capital projects such as the Georgetown South corridor, UP Express, Union Station revitalization, implementation of PRESTO fare system on TTC and OC Transpo, construction of Viva Bus Rapid Transit and Eglinton Crosstown projects either commenced, achieved key milestones, or were completed during the fiscal year. Significant investments were also made towards the state of good repair of existing infrastructure in order to maintain and improve safety and reliability. Capital expenditure in 2013-14 was $1,894.6 million.


2013-14 Capital Expenditure by Categories
Georgetown South ($366 M)
Rapid Transit Program ($281 M)
Expansion ($305 M)
State of Good Repair ($280 M)
Optimization ($217 M)
UP Express ($124 M)
PRESTO ($118 M)
Rail Corridor Acquisition ($77 M)
Foundation ($70 M)
Two-Way / All Day ($56 M)
Regional : Expansion ($1 M)

Major projects that moved forward or were completed during the 2013-14 fiscal year included:

- $454 million was invested in the Georgetown South Project, West Toronto Grade Separation and other projects required to accommodate more train service for GO Transit and Union Pearson Express. An additional $124 million was invested on infrastructure specific to the UP Express. These projects are expected to be complete by fiscal 2014-15.
- $96 million was invested towards work in progress of the revitalization of Union Station including signals, replacement of the train shed, and the building of a new concourse. The Union Station train shed project is currently scheduled to be completed at the end of 2016 while the York Concourse is scheduled to be completed at the end of 2015.
- $219 million was invested in maintaining the state of good repair for existing infrastructure, including stations, bus & rail fleets, rail corridors, fleet maintenance facilities and parking facilities.
- $68 million was invested in new parking facilities that were either completed or that were under construction. New parking structures at the Oakville, Clarkson, Pickering, Ajax, and Erindale rail stations provide 5,400 parking spaces.
- $96 million was invested in railway corridors for tracks, signals, and bridges. (excludes the Georgetown South corridor).
- $79 million was invested in the acquisition of a portion of the Guelph subdivision (Kitchener line) which will allow for greater control of rail routes and traffic, as well as decrease trackage fee costs while increasing trackage fee revenue.
- $171 million in progress payments for the purchase of additional rail coaches, while $10 million was spent on new locomotives and $21 million on additional buses.
- $117 million was invested in development of PRESTO Next Generation, which will include increased functionality and system wide implementation on the TTC.
- $259 million was invested in the York Viva BRT and Toronto LRT projects including;
    - Tunnel construction on the Eglinton Crosstown project began in June.
    - The first segment of the York Viva BRT on Highway 7 between Bayview and East Beaver Creek opened six months ahead of schedule in August 2013.
- $22 million in progress payments for the purchase of Light Rail Vehicles for the Toronto LRT projects.

Services Levels and Infrastructure as at 2014	
Train Service:	**Totals**
Lines	7
Stations	63
Route kilometers	450
Weekday train trips	246
Fleet size (number of trainsets)	48
Locomotives	65
Bi-level passenger railcars	574
Bus Service:	
Terminals (plus numerous stops & ticket agencies)	15
Route kilometers	2,760
Weekday union station bus trips	2,452
Weekday bus trips, total systems	631
Single-level buses	419
Double-decker buses	47
Buses with bike racks	100%
Across our system:	
Parking spaces	66,600
Parking structures	3,621
Wind turbines	8
Stations/terminals with bike shelters	59
Stations with bike lockers	5
(or reserved bike parking)	1

Enterprise Risk Management

Risk Assessment and Management

Metrolinx continues to implement a robust Enterprise Risk Management (ERM) program and ensures that Metrolinx complies with the Government of Ontario requirement for all classified agencies to use a risk-based approach in managing the business. The focus throughout the year has been the following:

- Increasing the consideration of risk in day-to-day operations and decision-making
- Providing training and support in identifying risks across the corporation
- Developing a framework in defining Corporate Risk Appetite

In setting the tone from the top, Senior Management has increased the emphasis of the risk management discipline in all initiatives and strategies for their review, decision and feedback.

Project teams have also increased their engagement with the ERM Office in facilitating risk identification and assessment workshops for major capital projects. In reporting significant risks to Senior Management and the Board, the ERM Office works closely with business units in further identifying emerging risks that have been currently identified and assessed as Low to Moderate, but current circumstances indicate changing factors that could potentially escalate these risks to the Very High/ High level for future reporting.

During the 2013-2014 year:

- The ERM Office fully implemented the established ERM program, framework and policy across the corporation.
- A Risk Appetite/Tolerance Framework has been developed to determine how much risk is acceptable in different major risk areas for Metrolinx.
- An ERM website has been launched as a portal for the ERM program that includes program updates, processes, templates, tools and references.
- The risk management online training program was successfully launched, with more than 85% of eligible employees completed the training.

In 2014-2015, we are committed to the following:

- The ERM Office will continue to focus on defining the Corporate Risk Appetite and establishing Risk Tolerances for each objective and key performance indicator.
- The ERM Office will work with the business units in enhancing and standardizing the capital project risk management and reporting process across the whole organization.
- More advanced ERM training workshops will be developed for project risk management and risk assessment.

There will be an increased focus on the use of quantitative analytics wherever applicable within the current risk management process.

Senior Management has identified the following key risks that may impact Metrolinx' corporate objectives and values. Please see the chart below. On a quarterly basis, Metrolinx reports to the Board on these key risks, including mitigation actions.

Key Areas for Risk Focus

KEY AREA	DESCRIPTION
Regional Leadership and Relevance of The Big Move	The credibility of the regional transportation plan is maintained by delivering the proposed projects as per the plan, this in turn achieves stakeholder support.
Sustained Funding	Metrolinx requires continued and adequate funding to support its operations and future capital programs.
Stakeholder Management and Governance	Corporate governance oversight with clearly defined stakeholder roles and accountabilities are required to meet Metrolinx' objectives.
Management of Stakeholder Requirements	Clear understanding and communication of all program objectives is needed to meet stakeholder requirements on project budget and schedule.
PRESTO Implementation	Fare card system rollouts for integration with different transit providers need to be managed well for success in achieving committed schedule.
UP Express Infrastructure Readiness	Managing numerous interdependent projects across the organization and on the Georgetown South rail corridor are critical success factors for UP Express.
Rapid Transit Implementation	Effectively managing project stakeholders is key to the successful implementation of the program, including the use of AFP process.
Workforce	Effectively managing our workforce is critical to achieving business outcomes and outputs.
Customer Satisfaction	Reliable rail services and timely and quality communication are critical for maintaining Metrolinx' strong commitment to passenger charter.
Corporate Privacy	Privacy exposure needs to be mitigated and privacy compliance judiciously addressed within business activities and projects.
Program Delivery	Project volume and complexity as well as stakeholder requirements necessitate effective project management to deliver projects on time, budget, scope and quality.
Corporate Safety and Security	The safety and security of passengers and the public is critical as expressed in Metrolinx' commitment to passenger charter.

Performance Management and KPIs

Metrolinx measures the effectiveness of its programs from a number of different perspectives.

- At a region-wide scale, Metrolinx measures the effectiveness of its programs through patterns of travel and transit mode share, and economic and transportation benefits of transit investments in the GTHA.
- Metrolinx measures its corporate effectiveness against its vision, mandate and key objectives through a series of performance measures and targets against stated goals.

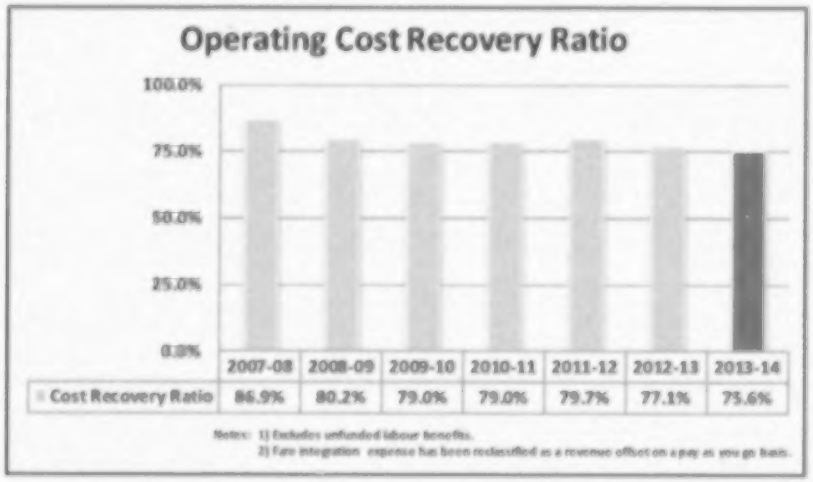
At the operational level, bus, rail, and customer services each have a robust set of performance metrics used to measure four dimensions.

- Customer satisfaction/service
- Cost effectiveness
- Service efficiency
- Service effectiveness

These measures are tracked against Metrolinx's historic results as well as are compared to industry peers in both Canada and the USA. Beginning in 2011-12, Metrolinx partnered with its Canadian peers, Greater Montreal's Agence Metropolitaine de Transport (AMT) and Metro Vancouver's TransLink, to share information on performance measures and KPIs, and to develop a working relationship in which strategies would be developed to meet industry challenges.

Recovery Ratios

Metrolinx uses the **operating cost recovery ratio** (excludes UP Express and PRESTO operations) as a key indicator of financial performance. Operating cost recovery ratio, measured as the ratio of total revenues (excluding operating subsidies, grants, sale of assets, and extraordinary revenues) to total operating costs provides an indicative measure of how efficient and how effective a transit agency operates. Metrolinx compares its recovery ratios to its historic results as well as compares it to industry benchmarks. Historically, Metrolinx has always had one of the best recovery ratios among North American peers. The operating cost recovery ratio in 2013-14 was 75.6%. This is down slightly from prior years but reflects the increase in off-peak service introduced by GO Transit, which will have a lower Operating Cost Recovery Ratio.



Overhead Ratio: The overhead ratio is the percentage of overhead support costs to operating costs. For fiscal 2013-14, the overhead ratio of 8.7 percent came in slightly above the budgeted rate, 8.4 percent, which was consistent with the normalized overhead rate experienced last year. The increase was due to corporate services required to support organizational initiatives, such as the Investment Strategy, and procurement of the capital plan.

GO Transit Competitiveness: Travelling with GO Transit remains an economically preferred choice for commuters in the GTHA. Travelling with GO Transit costs approximately 38 percent of the total cost of fuel, parking, maintenance and tires if you are driving. Further, the average cost for driving is $0.50/km ($0.92/km if fixed ownership costs are included), whereas the cost for transit is $0.19/km.

These statistics are based on the average trip length from recent CUTA data. Additionally, recent travel time analysis has found that during the PM peak period, GO Transit trips are typically 10-30% faster than the corresponding vehicle trip. GO Transit continues to offer a comfortable experience and cost competitive mode of travel for passengers.

Cost per Ride: The cost per ride is the average operating cost required to move passengers between destinations as measured by number of passenger boardings required for a one-way trip. For fiscal 2013-14, the cost per ride (excluding PRESTO and UP Express) of $8.40 was higher than 2012-13 cost per ride of $7.48. The key drivers leading to an increase in cost per ride are the introduction of new service as well as maintaining reliability and customer service initiatives

Total Revenues per Employee

Metrolinx uses **total revenues per employee** as one of its performance indicators to measure how effective the organization is in creating more value. A productivity measure, this indicator is measured as the ratio of total revenue to total number of employees. Employees are counted based on Full Time Equivalents (FTE) as of March 31, 2014, where a full time employee is count as 1 FTE and part-time employees are counted as 0.5 FTE. Contracts workers and vacancies are excluded from the FTE count. In 2013-14, total revenues per employee were $162,172, down slightly from $163,000 in 2012-13. this trend reflects the increase in off-peak and weekend service introduced by GO Transit.

Customer Satisfaction

Metrolinx understands the importance of customer service and customer satisfaction, and the impact that they have on ridership levels and on financial performance. Metrolinx's Customer Service business unit implements a vast set of metrics to measure Metrolinx's performance in delivering customer service. Key performance indicators used by Customer Service include on-time performance, safety, keeping you in the know, comfortable experience, and helpfulness. These are posted on the GO website and are updated on a regular basis.

On-time Performance

Metrolinx uses **on-time performance** as one of its key indicators to measure service reliability and to measure its delivery of customer satisfaction. On-time performance for the year overall was 93%, down from 94% the previous year. This high level of performance was achieved despite the impacts of harsh winter weather conditions.

METROLINX

An agency of the Government of Ontario
Une agence du gouvernement de l'Ontario

June 26, 2014

Management's Responsibility for Financial Information

Metrolinx Management and the Board of Directors are responsible for the financial statements and all other information presented in these financial statements. The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Where appropriate, the financial statements include amounts based on management's best estimates and judgements.

Management has developed and maintains financial and management controls, information systems and management practices to provide reasonable assurance of the reliability of financial information. Internal audits are conducted to assess management systems and practices, and reports are issued to the Audit Committee of the Board.

The Metrolinx Board of Directors, through the Audit Committee, assures that management fulfills its responsibilities for financial information and internal control. This Committee reviews the financial statements and the external auditors' report.

The financial statements have been examined by Deloitte LLP, Metrolinx's appointed external auditor. The external auditor's responsibility is to express an opinion based on their audits. The audits are conducted in accordance with Canadian generally accepted auditing standards. The Auditor's Report outlines the scope of the Auditor's examination and opinion.

For the fiscal year ended March 31, 2014, Metrolinx's Board of Directors, through the Audit Committee, was responsible for assuring that management fulfilled its responsibilities for financial reporting and internal control. The Committee meets regularly with management, the internal auditor and Deloitte LLP to satisfy itself that each group has discharged its respective responsibility. The Committee reviews the financial statements before recommending approval by the Board of Directors. Deloitte LLP had direct and full access to the Audit Committee, with and without the presence of management, to discuss their audit and their findings as to the integrity of Metrolinx's financial reporting and the effectiveness of the system of internal controls.

Bruce McCuaig
President and Chief Executive Officer

Robert Siddall, CPA, CA
Chief Financial Officer

Financial statements of

Metrolinx

March 31, 2014

Metrolinx
March 31, 2014

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Deloitte.

Deloitte LLP
5140 Yonge Street
Suite 1700
Toronto ON M2N 6L7
Canada

Tel: 416-601-6150
Fax: 416-601-6151
www.deloitte.ca

Independent Auditor's Report

To the Members of Metrolinx

We have audited the accompanying financial statements of Metrolinx, which comprise the statement of financial position as at March 31, 2014, and the statements of operations, remeasurement gains and losses, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Metrolinx as at March 31, 2014, the results of its operations, its remeasurement gains and losses and, its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
June 26, 2014

Metrolinx

Statement of financial position
as at March 31, 2014

(In thousands of dollars)

	2014	2013 (Restated Note 3)
	$	$
Assets		
Current assets		
Cash and cash equivalents (Note 5)	439,958	403,111
Accounts receivable (Note 8)	155,146	100,046
Contributions due from Province of Ontario (Note 11)	133,884	-
Contributions due from Government of Canada	13,458	13,940
Spare parts and supplies	6,464	3,480
Prepaid expenses	22,728	15,768
	771,638	536,345
Funds being held for Province of Ontario (Note 6)	46,667	46,667
Contributions due from Province of Ontario - long-term (Note 11)	-	62,359
Capital assets (Note 7)	9,739,344	8,156,336
Deposits on land (Note 9)	145,048	65,074
Advances on capital projects (Note 9)	139,369	204,432
Long-term lease (Note 10)	28,207	28,534
Derivative asset (Note 19)	612	98
	10,870,885	9,099,845
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 11)	709,835	471,555
Presto Farecard E-Purse (Note 5)	23,975	17,297
Due to Province of Ontario	-	9,664
	733,810	498,516
Advance from Province of Ontario (Note 6)	46,667	46,667
Long-term payable (Note 11)	-	62,359
Deferred capital contributions (Note 12)	7,979,748	6,558,917
Pension plan top-up benefits payable (Note 14)	53,563	49,653
Other employee future benefits payable (Note 15)	96,844	89,613
	8,910,630	7,305,725
Commitments (Note 18)		
Contingencies (Note 20)		
Net assets		
Net assets invested in capital assets (Note 16)	2,044,015	1,866,925
Net assets invested in long-term lease	28,207	28,534
Net assets internally restricted (Note 17)	26,332	26,332
Deficiency of net assets	(138,911)	(127,769)
	1,959,643	1,794,022
Accumulated remeasurement gains and (losses)	612	98
	10,870,885	9,099,845

On behalf of the Board

Stephen Smith Director

Director

The accompanying notes to the financial statements are an integral part of this financial statement.

Metrolinx

Statement of operations
year ended March 31, 2014
(In thousands of dollars)

	2014	2013 (Restated Note 3)
	$	$
Revenue		
Operating revenue	430,777	385,157
Contribution from the Province of Ontario	161,480	120,538
Investment income	7,746	6,602
Amortization of deferred capital contributions (Note 12)	291,147	244,387
Gain on disposal of capital assets	246	417
	891,396	757,101
Expenses		
Supplies and services	44,602	32,872
Equipment maintenance	73,804	60,626
Facilities and track	87,872	77,711
Labour and benefits	220,866	199,185
Rail and bus operations	184,685	153,877
Amortization of capital assets	296,198	249,730
Amortization of long term lease	327	327
	908,354	774,328
Excess of expenses over revenue	(16,958)	(17,227)

The accompanying notes to the financial statements are an integral part of this financial statement.

Metrolinx

Statement of changes in net assets
year ended March 31, 2014

(In thousands of dollars)

	Invested in capital assets (Note 16)	Invested in long-term lease	Internally restricted net assets (Note 17)	Deficiency	2014 Total	2013 (Restated Note 3) Total
	$	$	$	$	$	$
Balance, beginning of year	**1,866,925**	**28,534**	**26,332**	**(127,769)**	**1,794,022**	1,654,539
Excess of expenses over revenues	-	-	-	**(16,958)**	**(16,958)**	(17,227)
Amortization (net of amortization to revenue)	**(5,372)**	**(327)**	-	**5,699**	-	-
Assets contributed by the Province of Ontario (Note 21 (c))	**18,095**	-	-	-	**18,095**	18
Land acquisitions, net of deposits	**82,368**	-	-	-	**82,368**	140,027
Land fair value adjustment	**720**	-	-	-	**720**	-
Disposal of land	**(117)**	-	-	**117**	-	-
Deposit on land	**81,396**	-	-	-	**81,396**	16,665
Balance, end of year	**2,044,015**	**28,207**	**26,332**	**(138,911)**	**1,959,643**	1,794,022

The accompanying notes to the financial statements are an integral part of this financial statement.

Metrolinx

Statement of remeasurement gains and losses
year ended March 31, 2014

(In thousands of dollars)

	2014	2013
	$	$
Balance, beginning of year	**98**	-
Unrealized gains (losses) attributable to		
Forward fuel purchase contracts (Note 19)	**612**	98
Amounts reclassified to the statement of operations		
Forward fuel purchase contracts (Note 19)	**(98)**	-
Net remeasurement gains and (losses)	**514**	98
Balance, end of year	**612**	98

The accompanying notes to the financial statements are an integral part of this financial statement.

Metrolinx

Statement of cash flows
year ended March 31, 2014
(In thousands of dollars)

	2014	2013 (Restated Note 3)
	$	$
Operating activities		
Excess of expenses over revenues	(16,958)	(17,227)
Amortization of capital assets and long-term lease	296,525	250,057
Gain on disposal of capital assets	(246)	(417)
Amortization of deferred capital contributions	(291,147)	(244,387)
Employee future benefits, net of payments	11,142	10,906
	(684)	(1,068)
Change in non-cash working capital		
Accounts receivable	23,863	(16,782)
Spare parts and supplies	(2,984)	(282)
Prepaid expenses	(6,960)	(4,600)
Accounts payables and accrued liabilities	3,240	402
Presto Farecard E-Purse	6,678	10,857
	23,153	(11,473)
Capital activities		
Purchase of capital assets	(1,561,255)	(1,512,264)
Proceeds from sale of capital assets	683	1,068
Deposit on land	(81,396)	(16,665)
Advances on capital projects	(139,369)	(204,432)
	(1,781,337)	(1,732,293)
Financing activities		
Grants received for purchase of land	163,765	156,691
Capital contributions	1,631,266	1,769,764
	1,795,031	1,926,455
Net change in cash and cash equivalents	36,847	182,689
Cash and cash equivalents, beginning of year	403,111	220,422
Cash and cash equivalents, end of year	439,958	403,111
Supplemental cash flow information		
Non-cash capital activities		
Change in accounts payable and accrued liabilities relating to capital assets	235,041	82,869
Change in long-term capital payable/contribution due from Province	(62,359)	52,097
Assets contributed by the Province of Ontario (Note 21 (c))	18,095	18
Non-cash financing activities		
Capital contributions receivable/payable	(143,066)	110,224
Sunk Project costs recoverable from TTC transferred from work-in-progress to accounts receivable	78,963	-

The accompanying notes to the financial statements are an integral part of this financial statement.

1. Nature of operations

Metrolinx is a Crown agency, reporting to the Minister of Transportation of Ontario ("MTO"). It is a non-share capital corporation and is exempt from income taxes under Section 149(1) (d) of the Income Tax Act (Canada).

Metrolinx was created by sections of the Greater Toronto Transportation Authority Act, 2006 which were proclaimed on August 24, 2006. On May 14, 2009, Bill 163 was proclaimed amending the Greater Toronto Transportation Authority Act, 2006 and changing the title of the Act to the Metrolinx Act, 2006. Metrolinx's mandate is to lead the coordination, planning, financing and development of an integrated multi-modal transportation network for the Greater Toronto and Hamilton Area (GTHA). Taking a regional approach, Metrolinx brings together the province, municipalities and local transportation authorities to produce long-term economically and environmentally sustainable transportation solutions.

GO Transit is a division of Metrolinx that operates an interregional public transit system consisting of integrated rail and bus corridors. The network of rail and bus services primarily serves communities across the Greater Toronto and Hamilton Area including the Cities of Toronto and Hamilton, and Regions of Halton, Peel, York, Durham as well as Simcoe County, Dufferin County, Wellington County and the cities of Barrie, Guelph, Kitchener and Niagara Falls and the Town of Bradford-West Gwillimbury.

The Union Pearson Express is a division of Metrolinx which is charged with the construction and operation of a high-quality express rail service connecting Canada's busiest transportation hubs, Union Station in downtown Toronto and Toronto Pearson International Airport. Metrolinx was asked to build, own and operate the Union Pearson Express in July 2010.

PRESTO is a division of Metrolinx which created and operates the PRESTO fare system, an electronic fare card that allows riders to transfer seamlessly across multiple transit systems. PRESTO is currently available on 8 transit agencies in the GTHA, on 14 TTC stations with full TTC deployment planned for 2014 - 2016, and fully deployed on the OC Transpo network in Ottawa.

2. Summary of significant accounting policies

Financial statement presentation

These financial statements have been prepared by management in accordance with the accounting standards for government not-for-profit organizations as published by the Public Sector Accounting Standards Board.

Financial instruments

Financial instruments are financial assets or liabilities of Metrolinx which, in general, provide Metrolinx the right to receive cash or another financial asset from another party or require Metrolinx to pay another party cash or other financial assets.

2. Summary of significant accounting policies (continued)

All financial instruments reported on the Statement of Financial Position of Metrolinx are classified as follows:

Cash	Amortized cost
Cash equivalents	Amortized cost
Accounts receivable	Amortized cost
Contributions due from Province of Ontario	Amortized cost
Contributions due from Government of Canada	Amortized cost
Funds being held for Province of Ontario	Amortized cost
Contributions due from Province of Ontario - long-term	Amortized cost
Derivative asset	Fair value
Accounts payable and accrued liabilities	Amortized cost
Presto Fare Card E-Purse	Amortized cost
Due to Province of Ontario	Amortized cost
Advance from Province of Ontario	Amortized cost
Long-term payable	Amortized cost

Transaction costs on assets measured at fair value are expensed as incurred

The fair value of Metrolinx's cash and cash equivalents, accounts receivable, contributions due from Province of Ontario, contributions due from Government of Canada, accounts payable and accrued liabilities, Presto Fare Card E-Purse and balance due to Province of Ontario approximate their carrying values due to the short-term nature of these financial instruments. The fair value of other financial instruments approximate their carrying values unless otherwise noted, based on market rates available to Metrolinx for financial instruments with similar risks, terms and maturities.

Fair value represents the amount that would be exchanged in an arm's length transaction between willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists. Metrolinx's fair values are management's estimates and are generally determined using market conditions at a specific point in time. The determinations are subjective in nature, involving uncertainties and the exercise of significant judgment.

Metrolinx has entered into contracts for diesel fuel to manage exposure to diesel fuel price risks. These contracts contain derivatives which are accounted for at fair value. The unrealized gain or loss on derivatives is recorded in the Statement of Remeasurement Gains and Losses.

Metrolinx does not hold or issue derivative financial instruments for trading or speculative purposes, and controls are in place to detect and prevent these activities.

Impairment of financial instruments

Management reviews its financial instruments for other than temporary impairment on an annual basis. Net other than temporary losses on individual financial instruments are recognized as a loss in the Statement of Operations when a financial instrument is determined to have an "other than temporary" impairment.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and highly liquid short-term investments with maturities of three months or less at the time of purchase.

Spare parts and supplies

Spare parts and supplies are carried at the lower of cost and net realizable value. Cost is determined using the weighted-average method.

2. Summary of significant accounting policies (continued)

Capital assets

Capital assets are recorded at cost. The cost of a capital asset includes all costs directly related to the acquisition, construction, development or betterment of the capital asset. Salaries, wages and associated employee benefits for staff directly involved in the acquisition, development or construction of a capital asset are included in the cost of the capital asset.

Metrolinx has adopted a whole property approach in capitalizing and amortizing its buildings, rail equipment and bus equipment. Under this approach, all components attached to the building structure (lighting, elevators, air conditioning, etc.) are amortized over a composite service life of the property as a whole.

If the development or construction of a capital asset is terminated or deferred indefinitely before completion, the costs capitalized to date are expensed, unless there is an alternative use for the capital asset or unless recovery of those costs from a third party can be reasonably estimated and collection is likely based on related agreements.

Amortization

Metrolinx provides for the amortization of the various classes of assets over their estimated useful lives on a straight-line basis as follows:

Buildings (including shelters and ticket booths)	5-20 years
Leasehold improvements	Lease life
Locomotives and other railway rolling stock	20-25 years
Improvements to railway right-of-way plant	20 years
Track work and installation	20 years
Buses (including double decker buses)	10 years
Parking lots	20 years
Computer equipment and software	5-10 years
Grade separations	50 years
Other (including furniture and equipment)	3-12 years

Work-in-progress is comprised of direct construction and development costs. No amortization is recorded until construction is substantially completed and the assets are ready for productive use.

Long-term lease

Long-term lease represents the prepayment of the lease regarding Union Station. The amount is being amortized straight-line over 100 years, being the term of the lease plus one renewal period.

Employee future benefits

Metrolinx provides pension plan benefits through the multi-employer OMERS Pension Fund. The expense for the period equals the required contribution for the period.

Metrolinx provides a top-up pension plan benefit calculated by using the accrued benefit method which reflects the projected benefits for services rendered to date. Adjustments arising from employee benefit plan amendments, experience gains and losses and changes in assumptions are amortized to earnings over the average remaining service period of the active employees. Any past service costs are expensed when incurred.

Metrolinx also provides other employee future benefits calculated by using the accrued benefit method which reflects the projected benefits for services rendered to date. Adjustments arising from employee benefit plan amendments, experience gains and losses and changes in assumptions are amortized to earnings over the average remaining service period of active employees. Any past service costs are expensed when incurred.

Commuter services revenue

Revenue is recognized when the transportation service is provided.

2. Summary of significant accounting policies (continued)

Contributions

Metrolinx follows the deferral method of accounting for contributions. Unrestricted contributions, including operating grants are recognized as revenue in the period to which they relate.

Deferred capital contributions relate to funds received for the acquisition of capital assets. These deferred capital contributions are recognized as revenue over the same period as the amortization of the related capital asset.

Internally restricted net assets

Internally restricted net assets are internally restricted to provide a funding source for planned future obligations and to provide flexibility against uncertainties which may arise. All reserves are approved by the Board of Directors and are disclosed on the statement of financial position as net assets.

Contracts to buy or sell a non-financial item

Metrolinx uses diesel fuel forward purchase contracts to lock in firmly committed future operating costs. These derivative instruments are recorded on the statement of financial position as an asset or liability and are measured at fair value. Changes in derivative instruments' fair value are recognized in the statement of remeasurement gains and losses.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The items subject to the most significant estimates are amortization of capital assets, certain accrued liabilities, pension plan top-up benefits payable and other employee future benefits payable.

Future Accounting Pronouncements

The new section PS 3260, Liability for Contaminated Sites, establishes recognition, measurement and disclosure standards for liabilities relating to contaminated sites. The section is effective for fiscal periods on or after April 1, 2014. Metrolinx has begun an assessment of the impact of this standard.

3. Prior period adjustments

During the current fiscal year the following adjustments to prior periods were made:

(a) Amortization of capital assets

Metrolinx determined some assets were not being amortized over the correct estimated useful life and corrected the error retrospectively in the current fiscal year. This change resulted in an increase in the April 1, 2012 opening capital asset and deferred capital contribution accounts by $10,717.

The change also resulted in a reduction in the amortization of capital assets and amortization of deferred capital contributions in the statement of operations for the fiscal year ended March 31, 2013 in the amount of $7,292 and an increase in the capital asset and deferred capital contribution accounts of $7,292.

3. Prior period adjustments (continued)

(b) Capital asset reclassification

During the year ended March 31, 2013, Metrolinx incorrectly classified the capital asset additions related to the Union Pearson rail link as land versus grade separation, track work and installation; as the project is work-in-progress there is no impact on capital assets, however because land is recorded directly to net assets, the net assets and deferred capital contributions required adjustment.

The correction resulted in an increase in the deferred capital contributions by $62,358 and a corresponding decrease in net assets by $62,358 as at March 31, 2013.

The impact of the correction on the Statement of Financial Position as at March 31, 2013 is summarized as follows:

	Balance as previously reported March 31, 2013	Adjustment	Reference	Balance as adjusted as at March 31, 2013
	$	$		$
Capital Assets	8,138,327	18,009	(a)	8,156,336
Deferred capital contributions	6,478,550	80,367	(a & b)	6,558,917
Net assets	1,856,380	(62,358)	(b)	1,794,022

Reconciliation of excess of expenses over revenue

The impact of the correction on the Statement of Operations for the year ended March 31, 2013 is summarized as follows:

	Balance as previously reported March 31, 2013	Adjustment	Reference	Balance as adjusted as at March 31, 2013
	$	$		$
Revenue				
Amortization of deferred capital contributions	251,679	(7,292)	(a)	244,387
Expenses				
Amortization of capital assets	257,022	(7,292)	(a)	249,730
Excess of expenses over revenue	(17,227)	-		(17,227)

4. Financial instruments and risk management

Metrolinx's financial assets and liabilities have exposure to the following risks:

Credit risk

Metrolinx is subject to credit risk through its receivables. It is management's opinion that the risk is minimal as most of the receivables are from federal, provincial and municipal governments and organizations controlled by them.

Interest rate risk

Metrolinx does not have significant exposure to interest rate risk related to its long-term liabilities as they are primarily with related parties and are non-interest bearing.

4. Financial instruments and risk management (continued)

Other price risk

Metrolinx is exposed to changes in crude oil prices as a result of diesel fuel consumption. The potential fluctuations in crude oil prices could have a significant impact on the cost of providing transportation services. This risk is reduced, from time to time, through the use of diesel fuel forward purchase contracts to lock in firmly committed future operating costs for own use consumption.

5. PRESTO Farecard E-purse balances

The balance of funds held on PRESTO farecards E-purse in the amount of $23,975 (2013 - $17,297) has been included in Cash and cash equivalents. The E-purse balance is held on behalf of the farecard owner and therefore a liability is recorded on the statement of financial position.

6. Funds being held for Province of Ontario

In 2007, the former Greater Toronto Transit Authority (GO Transit) received $46,667 from the Province of Ontario for their contribution towards the Toronto Transit Commission ("TTC") participation in the GTA Farecard project. TTC has not yet met the requirements to receive this funding and consequently the cash held by Metrolinx and the obligation to the Province have been segregated on the statement of financial position.

7. Capital assets

			2014	2013 (Restated Note 3)
	Cost	Accumulated amortization	Net book value	Net book value
	$	$	$	$
Land	1,780,064	-	1,780,064	1,675,812
Buildings	686,534	315,493	371,041	352,027
Leasehold improvements	34,068	26,689	7,379	3,788
Locomotives and other railway rolling stock	1,514,721	465,955	1,048,766	987,619
Improvements to railway right-of-way plant	1,184,799	517,276	667,523	704,282
Grade separations, track work and installation	928,412	307,014	621,398	583,388
Work-in-progress	4,186,869	-	4,186,869	3,204,270
Buses	336,489	186,731	149,758	142,284
Parking lots	596,963	154,260	442,703	259,808
Computer equipment and software	560,577	153,490	407,087	203,452
Other	148,042	91,286	56,756	39,606
	11,957,538	2,218,194	9,739,344	8,156,336

7. Capital assets (continued)

Work-in-progress includes the following:

	2014	2013
	$	$
Rail corridor expansion	1,535,334	958,800
Union Station	318,827	247,120
Rail fleet	491,340	387,615
PRESTO System	117,177	223,884
Light Rapid Transit and Bus Rapid Transit	1,218,960	865,443
Various	505,231	521,408
	4,186,869	3,204,270

Work-in-progress relates to projects which are expected to come into service in 1 to 6 years.

8. Accounts receivable

(a) Accounts receivable is composed of the following:

	2014	2013
	$	$
Recoverable HST	55,522	62,400
Recoverable PRESTO costs	4,505	7,088
Sunk project costs recoverable from TTC	78,963	-
Other receivables	16,156	30,558
	155,146	100,046

(b) Included in accounts receivable is $78,963 (2013 - $Nil) related to the design of the Light Rapid Transit (LRT) Scarborough corridor in the City of Toronto incurred by Metrolinx as at March 31, 2014 and does not include costs related to any contract amendments or cancellations with 3rd party vendors. On October 8, 2013, City of Toronto Council voted to replace the planned LRT currently under construction under the Master Agreement with a Scarborough Subway. The City of Toronto has agreed to reimburse Metrolinx for expenditures incurred for the Scarborough LRT, including any potential costs associated with the LRT vehicle supply contract. Accordingly, the costs incurred to date have been reclassified from Work-in-progress to accounts receivable.

9. Advances on capital projects

Metrolinx has entered into Memorandum of Agreements (MOAs) with York Region Rapid Transit Corporation (YRRTC), The Regional Municipality of York (York Region), City of Toronto and the Toronto Transit Commission (TTC). The MOAs outline the projects, expected costs, and responsibilities of the parties involved. The MOAs also outline the definition of eligible costs and ownership rights of the projects specified in the agreements. A Master Agreement with YRRTC and York Region was signed April 14, 2011 and covers both past and future eligible costs of constructing the bus rapidway. The MOA with the City of Toronto and the TTC was extended until the earlier of September 30, 2012 and the date on which Metrolinx, TTC and the City finalize definitive legal agreements. A Master Agreement with TTC and the City of Toronto was signed November 28, 2012 and covers the cost of constructing the Eglinton LRT, Scarborough RT, Finch West LRT and Sheppard East LRT.

9. Advances on capital projects (continued)

Pursuant to these agreements, advances were paid to the Region of York and to the Toronto Transit Commission to provide working capital for Deposits on land totalling $67,713 (2013 - $62,752) and other project costs totalling $139,369 (2013 - $204,432) to fund projects being developed by the Region of York and Toronto Transit Commission on behalf of Metrolinx. The Deposits on land referred to above relate to obtaining, in the future, perpetual easements required for the operation of the York Region bus rapidway. The advances on capital projects are to be held in a separate account and any interest accrued will be applied against the project.

As at March 31, 2014, Metrolinx has expended approximately $1,484.1 million (2013 - $1,204.1 million) in relation to these projects, including the following amounts which have been advanced for costs expected to be incurred to June 30, 2014 and deposits related to future perpetual easements.

	2014	2013
	$	$
Region of York	191,104	245,440
Toronto Transit Commission	15,978	21,744
	207,082	267,184
Other deposits	77,335	2,322
	284,417	269,506

10. Long-term lease

			2014	2013
	Cost	Accumulated amortization	Net book value	Net book value
	$	$	$	$
Leasehold, Union Station	32,704	4,497	28,207	28,534

11. Long-term payable

Metrolinx and Infrastructure Ontario entered into a Design-Build-Finance contract for $140,063 with Airlinx Transit Partners Inc. for the design and construction of the Union Pearson rail link project. The contract amount will be payable after substantial completion which is expected on or before July 31, 2014. At March 31, 2014 an amount of $122,635 has been accrued based on work completed to year end and is included in Accounts payable and accrued liabilities. At March 31, 2013 an amount of $62,359 had been accrued based on work completed to the year then ended and was included in Long-term payable. A matching contribution receivable has been recorded in the amount of $122,635 and is included in Contributions due from the Province of Ontario (2013 - $62,359 included in Contributions due from the Province of Ontario - long-term).

12. Deferred capital contributions

The changes in the deferred capital contributions for the year are as follows:

	2014	2013 (Restated Note 3)
	$	$
Balance, beginning of year	6,558,917	5,091,667
Contributions received or receivable in the period for capital asset acquisitions		
Province of Ontario	1,675,947	1,679,079
Municipalities	33,311	27,877
Government of Canada	2,718	4,681
Amortization of deferred capital contributions	(291,147)	(244,387)
Balance, end of year	7,979,746	6,558,917

Metrolinx realized a shortfall in municipal funding related to its capital program. The Province has provided funding to bridge the shortfall in the current year in the amount of $216,148 (2013 - $204,327) and the cumulative amount is $802,276. The Province will work with its municipal partners to address the funding shortfalls.

13. Pension contributions

Metrolinx provides pension benefits for substantially all of its permanent employees through participation in the Ontario Municipal Employees Retirement System (OMERS) Pension Fund. The amount expensed in pension contributions for the year ended March 31, 2014 is $17,874 (2013 - $16,736).

14. Pension plan top-up benefits liability

With repatriation of the former GO Transit to the Province in 2002, bargaining and non-bargaining employees requested the Province to rectify the difference in pension benefits to be received by employees of GO Transit. When GO Transit was transferred from the Province to the Greater Toronto Services Board in 1999, the Provincial Plans were frozen and a new plan commenced under OMERS. It had been resolved that GO Transit was responsible for the pension obligation. GO Transit completed an actuarial valuation as of April 1, 2013. The financial statement items resulting from the valuation have been determined in accordance with Section 3250 of the PSA Handbook. The pension expense recognized during the year is $4,512 (2013 - $4,903).

The cost of pension plan top-up benefits is actuarially determined using the projected benefit method pro-rated on service. The discount rate used to determine the accrued benefit obligation was determined based on the Ontario provincial bond yields. The actuarial gains and losses are amortized over the average remaining service period of active employees.

Information about Metrolinx's pension plan top-up is as follows:

	2014	2013
	$	$
Accrued benefit obligation	60,169	57,970
Fair value of plan assets	1,118	1,414
Funded status - plan deficit	59,051	56,556
Unamortized net actuarial loss	(5,488)	(6,903)
Accrued benefit liability	53,563	49,653

14. Pension plan top-up benefits liability (continued)

Details of the accrued benefit obligation are as follows:

	2014	2013
	$	$
Accrued benefit obligation, beginning of year	57,970	55,411
Current service cost	1,474	1,790
Interest cost on accrued benefit obligation	2,064	2,046
Benefit payments	(900)	(719)
Actuarial loss on accrued benefit obligation	(439)	(558)
Accrued benefit obligation, end of year	60,169	57,970

Details of the pension expense are as follows:

	2014	2013
	$	$
Current service cost	1,474	1,790
Interest cost on accrued benefit obligation	2,064	2,046
Actual return on plan assets	(3)	(2)
Expected return vs. actual return on plan assets	3	2
Amortization of actuarial loss	974	1,067
	4,512	4,903

Plan assets by asset category are as follows:

	2014	2013
	%	%
Cash invested	-	19
Cash on deposit with Canada Revenue Agency	100	81
	100	100

Other information about Metrolinx's benefit plan is as follows:

	2014	2013
	$	$
Employer contributions	600	1,400
Benefits paid	900	719

The significant actuarial assumptions adopted in measuring Metrolinx's pension plan top-up benefit obligations are as follows:

Discount rate	3.9%	(2013 - 3.5%)
Rate of compensation increase	3%	(2013 - 3%)
Inflation per annum	2%	(2013 - 2%)
Expected average remaining service life	6 years	(2013 - 8 years)

15. Other employee future benefits liability

Metrolinx provides post-retirement life and health benefits, Workplace Safety & Insurance Board ("WSIB") liabilities and retiree severance benefits. The plan is unfunded and requires nominal contributions from employees. Substantially all full time active employees are eligible for life and health benefits. A limited number of employees are eligible for severance benefits.

The measurement date of the plan assets and accrued benefit obligation is March 31 of each year. The most recent actuarial valuation of the other employee future benefits was as of March 31, 2014. The valuation was performed in accordance with the standards of the Canadian Institute of Actuaries. The financial statement items resulting from the valuation have been determined in accordance with Section 3255 of the PSA Handbook. The post-retirement non-pension benefits recognized during the period were $9,875 (2013 - $9,316).

The cost of post-retirement non-pension benefits is actuarially determined using the projected benefit method pro-rated on service, retirement ages of employees and expected health care costs. The discount rate used to determine the accrued benefit obligation was determined based on the Ontario provincial bond yields. The actuarial gains and losses are amortized over the average remaining service period of active employees. Past service costs are expensed when incurred.

Information about Metrolinx's post-retirement non-pension benefits is as follows:

	2014	2013
	$	$
Accrued benefit obligation	112,285	110,342
Fair value of plan assets	-	-
Funded status - plan deficit	112,285	110,342
Unamortized net actuarial loss	(15,441)	(20,729)
Accrued benefit liability	96,844	89,613

Details of the accrued benefit obligation are as follows:

	2014	2013
	$	$
Accrued benefit obligation, beginning of year	110,342	102,469
Current service cost	4,155	3,930
Interest on accrued benefit obligation	3,999	3,810
Benefit payments	(2,643)	(1,915)
Actuarial (gain) loss on accrued benefit obligation	(3,568)	2,048
Accrued benefit obligation, end of year	112,285	110,342

Details on the post-retirement non-pension benefits expense are as follows:

	2014	2013
	$	$
Current service cost	4,155	3,930
Interest cost on accrued benefit obligation	3,999	3,810
Amortization of actuarial loss	1,721	1,576
	9,875	9,316

15. Other employee future benefits liability (continued)

The significant actuarial assumptions adopted in measuring Metrolinx's post-retirement non-pension benefit obligations are as follows:

Discount rate for post-retirement non-pension benefit (2013 - 3.6%)	4%
Discount rate for WSIB liabilities	3.4% (2013 - 3.05%)
Discount rate for retiree severance benefits	3% (2013 - 2.8%)
Expected average remaining service life for post-retirement non-pension benefit	15 years (2013 - 14 years)
Expected average remaining service life for WSIB liabilities	10 years (2013 - 10 years)
Expected average remaining service life for retiree severance benefits	7 years (2013 - 7 years)
Rate of compensation increase	3% (2013 - 3%)
Inflation per annum	2% (2013 - 2%)
Initial Weighted Average Health Care Trend Rate	5.6% (2013 - 6.5%)
Ultimate Weighted Average Health Care Trend Rate	4.3% (2013 - 4.3%)
Dental care benefits increase	4% (2013 - 4%)

16. Net assets invested in capital assets

	2014	2013 (Restated Note 3)
	$	$
Capital assets	**9,739,344**	8,156,336
Deposits on land	**145,048**	65,074
Advances on capital projects	**139,369**	204,432
Less deferred capital contributions used to purchase capital assets	**(7,979,746)**	(6,558,917)
	2,044,015	1,866,925

17. Internally restricted net assets

The internally restricted net assets are as follows:

	2014	2013
	$	$
MCOR	**21,051**	21,051
Employment obligation	**889**	889
Self insured retention	**2,013**	2,013
Stabilization	**2,379**	2,379
	26,332	26,332

The Municipal Capital and Operating Restructuring (MCOR) reserve was established to assist in funding large capital expenditures.

The Employment Obligation reserve was established to assist in funding general employment related obligations of Metrolinx.

17. Internally restricted net assets (continued)

The Self Insured Retention reserve was established to assist in funding any claims against the self-insured retention layer of Metrolinx's insurance program.

The Stabilization reserve was established to assist in funding fluctuations in operating and capital budgets of Metrolinx from year to year.

18. Commitments

(a) The minimum operating lease payments in each of the next five years are as follows:

	$
2015	20,620
2016	19,466
2017	18,307
2018	17,301
2019	17,049
Subsequent	214,267
	307,010

(b) Metrolinx has also committed approximately $4.2 billion for various capital asset additions/projects.

(c) A significant amount of the services provided by Metrolinx are operated and maintained by outside parties. These services are governed by the agreements with the Canadian National Railway Company ("CN"), Canadian Pacific Railway Company ("CP") Bombardier Inc., PNR Rail Works Inc. ("PNR"), Toronto Terminals Railway Ltd. ("TTR") and by a number of minor service agreements. Metrolinx has entered into the following major agreements for approximately $176,000 per year:

i) Master Operating Agreement with CN terminating on May 31, 2016.
ii) Commuter Agreement with CP terminating on December 31, 2014.
iii) Equipment Maintenance Contract with Bombardier terminating on May 31, 2023.
iv) Rail Crew Contract with Bombardier terminating on May 31, 2023.
v) Routine Track and Signal Maintenance contract with PNR terminating on June 30, 2016.
vi) Rail Corridor Management Service Agreement with TTR terminating on June 30, 2016.

(d) As at March 31, 2014; Metrolinx had outstanding letters of credit totaling $28 (2013 - $59).

19. Diesel fuel forward contracts

As at March 31, 2014, Metrolinx has four fixed fee agreements in place to purchase 16.1 million litres of diesel fuel at prices ranging from $0.8692 to $0.8800 per litre. The change in fair value of the derivative instruments of $612 ($98) was recorded as an unrealized gain in the statement of remeasurement gains and losses.

20. Contingencies

Various lawsuits have been filed against Metrolinx for incidents which arose in the ordinary course of business. Management has reviewed these claims and made provisions as appropriate. Where the outcome of a claim is not yet determinable, any settlement will be recorded when it is determined that a claim is likely to be settled and the amount is determinable.

21. Related party transactions and balances

Metrolinx had the following transactions with related parties during the year:

(a) The Ontario Ministry of Transportation, Ontario Tourism Marketing Partnership Corporation, Infrastructure Ontario and Ontario Northland charged Metrolinx $1,319 (2013 - $1,438), $47 (2013 - $24), $21,539 (2013 - $5,900), $3,161 (2013 - $1,362) respectively during the year for the provision of services provided by these organizations. In addition, Infrastructure Ontario charged $60,276 (2013 - $62,359) in capital expenditures related to the Design-Build-Finance contract for the Union Pearson rail link project as described in Note 11. At March 31, 2014, accounts payable and accrued liabilities and long-term payable included $22 (2013 - $821), $132,522 (2013 - $64,031) and $2,695 (2013 - $Nil) owing to the Ontario Ministry of Transportation, Infrastructure Ontario and Ontario Northland respectively.

(b) Metrolinx charged Ontario Northland and Metropolitan Toronto Convention Centre Corporation $175 (2013 - $145) and $13 (2013 - $13) respectively during the year for the provision of services. Metrolinx charged Ontario Northland $Nil (2013 - $574) during the year for sale of capital assets. At March 31, 2014, accounts receivable included $574 (2013 - $574) owing by Ontario Northland.

(c) As of April 1, 2013, the Ontario Ministry of Transportation transfers assets to its related government entities at fair value instead of net book value maintained by the Ministry. Metrolinx procured six parcels of land for $Nil from the Ministry during the year. The transfer was treated as a contribution from the Province equivalent to the fair value of these assets that amounted to $18,095. During the year 2013, Metrolinx procured one parcel of land for $Nil from the Ontario Ministry of Transportation. The transfer was treated as a contribution from the Province equivalent to the net book value of this asset maintained by the Ministry that amounted to $18.

The transactions in 21 (a) and (b) are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Contributions of capital assets from the Province are recorded at the fair value.

Balances due from/to the Province of Ontario are separately disclosed on the statement of financial position. Amounts are non-interest bearing with no specified terms of repayments.

22. Guarantees

In the normal course of business, Metrolinx enters into agreements that meet the definition of a guarantee.

(a) In the normal course of business, Metrolinx has entered into agreements that include indemnities in favour of third parties such as purchase and sale agreements, confidentiality agreements, engagement letters with advisors and consultants, outsourcing agreements, leasing contracts, information technology agreements and service agreements. These indemnification agreements may require Metrolinx to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnities are not explicitly defined and the maximum amount of any potential reimbursement cannot be reasonably estimated.

(b) Indemnity has been provided to all directors and or officers of Metrolinx including, but not limited to, all costs to settle suits or actions due to association with Metrolinx, subject to certain restrictions. Metrolinx has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The term of the indemnification is not explicitly defined, but is limited to the period over which the indemnified party served as a trustee, director or officer of Metrolinx. The maximum amount of any potential future payment cannot be reasonably estimated.

The nature of these indemnification agreements prevents Metrolinx from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to counterparties.

22. Guarantees (continued)

Historically, Metrolinx has not made any significant payments under such or similar indemnification agreements and therefore no amount has been recorded with respect to these agreements.

23. Corresponding figures

Certain of the prior year's corresponding figures have been reclassified to conform to the current year's presentation.

METROLINX

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We're building transit to get you moving.

Photo taken by Nicole Silva

Metrolinx
97 Front Street West
Toronto, Ontario
M5J 1E6

Phone: 416.869.3600
Fax: 416.869.3525
www.metrolinx.com

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An agency of the Government of Ontario